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## NEWS SUMMARY

### GENERAL

## Wave of attacks on Iran pipelines

Saboteurs have blown up 10 oil and gas pipelines in Iran over the past four days and more attacks are expected.

Production at the main Abadan refinery has been cut by 10 per cent, but exports will not be affected, according to Oil Minister Ali Akhbar Moinfar.

He blamed "anti-revolutionary elements" for the attacks. Back Page

### Students accused

Students holding the 50 U.S. embassy hostages in Tehran were not sincere in their plan to hand over the diplomats, said Iranian Foreign Minister Sadegh Qotbzadeh. Page 2

### TUC protest

Tens of thousands of trade unionists attended a TUC rally in London to protest against the Government's economic policies and the Employment Bill. Back Page

### Israeli hawk

The line-up of nationalist "hawks" in the Israeli Government was strengthened by the appointment of Yitzbak Shamir as Foreign Minister. Page 2

### Climbers rescued

Four climbers were rescued by helicopter after being trapped for a night on Ben Nevis. Two were saved from a 1,500 foot fall when their rope snagged on a boulder.

### Cuban crops hit

Blue mould disease has destroyed 90 per cent of the Cuban tobacco crop and exports will be suspended. Also, about 1m tonnes of sugar will be lost this season because of sugar rust, a fungus disease.

### Rebel councils

Forty per cent of metropolitan authorities in England and Wales will levy a rate for 1980-1981 more than 10 per cent above the Government's guideline of 119p in the pound. Page 4

### Basque poll

Nationalist parties were expected to win most of the 60 seats in a new Assembly as Spain's troubled Basque province voted to elect its first regional parliament and end 40 years of direct rule from Madrid.

### Tito worse

The condition of President Tito of Yugoslavia worsened with severe kidney problems and increased internal bleeding.

### Heartening offers

The number of heart donors has increased so dramatically after recent transplant successes that surgeons at Papworth Hospital, Cambs., have turned down some offers.

### Briefly . . .

Briton Kenneth McIntosh, 43, who is serving a 17-year jail sentence in Rhodesia for disclosing sanctions-breaking operations, will be freed next week.

Sixty-two people have been charged in connection with a caste war atrocity in North-east India in which 14 Untouchables were killed.

The long-delayed publicataion of the Underhill report on infiltration of the Labour Party by extremists is to be postponed for a further week until March 21. Page 6

A part-time member of the Ulster Defence Regiment was found dead in Co. Armagh

### BUSINESS

## Threat to Europe ferry services

● **FERRY SERVICES** between Britain and the Continent may be disrupted because of a dispute between foreign ferry operators and UK authorities over pilotage dues. Back Page

● *INFLATION is likely to peak* during the second quarter of 1980 at about 21 per cent, according to a new batch of forecasts. The curernt recession could be the worst since the war, Cambridge University forecasters say. Page 4

● **INMOS**, the semiconductor venture backed by the NEB, should have its second tranche of £25m approved by the Government within a few days. Page 4

● *NUCLEAR POWER* station construction timetables are to be investigated by a Government inquiry. Back Page

● *NORTH SEA OIL revenues* should be used to achieve a significant public sector surplus in the mid-1980s, according to an article in today's Morgan Grenfell Review. Back Page

● **NEW CAR SALES** in the UK totalled 145,882 last month, the highest February level since *1973 and 9.37 per cent up on a* year ago. Page 6

● **CARRINGTON VIYELLA**, textile manufacturer, applied *current cost adjustments to its* 1979 pre-tax profits of £8.49m, and reports a loss of £7.62m. Page 20 and Lex

### CURRENCIES

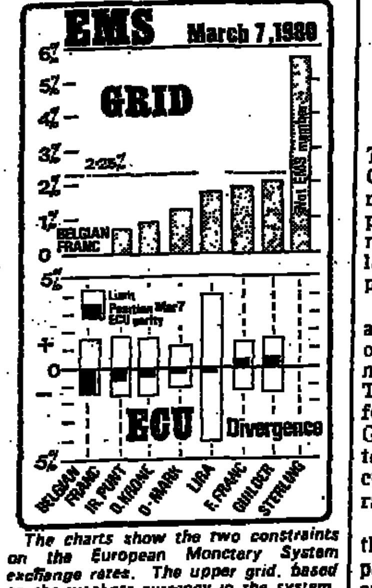
● **THE** Dutch guilder benefited from the weakness of the German D-mark against the dollar last week, and rose to the top of the European Monetary System.

The guilder was helped by the Netherlands' relatively strong energy position compared with its EMS partners, thanks to reserves of natural gas, and an inflation rate of only 5.9 per cent, comparable with West Germany, and significantly better than France or Italy.

The French franc, Italian lira and D-mark followed the guilder in that order, but received significant support against the dollar during the week.

The German Bundesbank was particularly active defending the D-mark as demand increased for the dollar as a result of record U.S. interest rates.

The Belgian franc remained the weakest member of the EMS, slightly above its alarm bell limit where the central bank is *expected* to take corrective action.




*The charts show the two constraints on the European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.*

# 'Ballot about ballot' fails to bring steel solution closer

BY CHRISTIAN TYLER, LABOUR EDITOR

**The leaders of the striking steel unions last night dismissed as irrelevant and inconclusive the result of a secret ballot showing a nine-to-four majority of steelworkers in favour of voting a second time on the British Steel Corporation's 14.4 per cent pay and productivity offer.**

More than half the steelworkers *involved, 65.31* per cent, took part in the ballot.

Of 86,467 ballot papers returned 58,502 said Yes and 26,517 No, a majority of 31,985. Percentage votes were 69 and 31 per cent. There were 1,448 spoiled or blank papers.

Sir Charles Villiers, BSC chairman, interpreted the result as strong evidence that the strikers wanted to go back to work on BSC's own terms. Mr. Bob Scholey, the chief executive, said that the unions should call the strike off immediately.

But Mr. Bill Sirs, general secretary of the dominant Iron and Steel Trades Confederation, *said that unless BSC negotiated* "sensibly" at talks set for this afternoon, the 10-week strike would be intensified by all the unions to hit at BSC customers.

*He said he would not conduct* any second ballot if asked today, but would press ahead with negotiations.

The ISTC had urged its members to ignore the postal voting forms or to spoil them, but later told them to vote No.

To confuse matters further, a number of strikers said that they were voting Yes this time in order to vote No in a second ballot.

The response was described by Major Frank Britton of the Electoral Reform Society, which *conducted the poll, as* "reasonably good," though he pointed out that a recent BL postal ballot had a 79 per cent return.

Mr. Sirs said the result was "very good for the trade unions" since only about 44 per cent of the 132,000 canvassed had supported BSC. "We have a majority," he declared.

**THE BALLOT RETURNS**

| | |
|---|---|
| Total papers issued | 132,404 |
| Total returned | 86,467 |
| Turn-out | 65.31% |
| Spoilt papers | 1,413 |
| Valid papers | 85,019 |
| Voting Yes (69% of valid vote) | 58,502 |
| Voting No (31% of valid vote) | 26,517 |
| Majority in favour: | 31,985 |

"I am hopeful we shall make progress tomorrow. If the corporation try to stick with *their stupid obstinancy* at a level of 10 per cent [the value of the guaranteed national pay rise] there will be no agreement and there will be no let-up by this union or all the unions.

"We have been out for 10 weeks. We are not going to sell them down the river."

There was no question of other alternatives like mediation or arbitration being considered while negotiations were in progress.

But BSC's apparent pleasure at the result means that it looks unlikely to be shifted far in today's talks, when all the unions submit counter-proposals.

Sir Charles said the "Yes" vote of over two to one was "extremely interesting.

"It seems to me that the *work force is saying to us that* 'we want to go back to work.' That confirms what we believe ourselves."

Mr. Scholey said that Mr. Sirs should "now consider his own position," and accused the unions of a major misjudgment.

They had already made two—*first, to suppose that the dispute* would be settled by a short sharp strike, the second, on the refusal of the private sector steelworkers to continue their sympathetic strike action.

Mr. Scholey declined to say whether in the event of the unions' refusing to conduct a pay ballot themselves, and of the negotiations breaking down.

**Continued on Back Page**

**Murray at TUC rally. Story and Picture, Back Page**

# Carter anti-inflation deal may control credit

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER'S top economic advisers conferred yesterday with Congressional leaders for the fourth successive day in an effort to win the widest political acceptance for new counter-inflation moves, centred on Federal budget cuts.

Credit controls, rejected by *the Administration only last* week, have re-emerged as a possibility.

However, President Carter has still not given final shape *to the anti-inflation package.* His advisers' sessions with a group of some 18 Senators and Congressmen have been used to float particular ideas and get a political reaction, rather than to reveal decisions.

The President said during the weekend that he was undecided how and when to announce the measures, eagerly awaited by the financial community.

Congressional leaders of both parties seem to favour cuts that *would put* the 1980-81 Budget, which Mr. Carter forecast in January would be $15.8bn (£7.033bn) in deficit, nearer to balance. However, they have *pressed Mr. Carter, with some* apparent success, to the view that defence must bear at least a share of the spending cuts.

One notable dissident is Mr. *Tip O'Neill, Speaker of the* House and the highest ranking Democrat there. He has criticised the large spending cuts now being mooted as having a disproportionately tiny effect in lowering the rate of inflation, and has stayed away from the series of consultations with the Administration.

The financial markets may justly fear that the upshot of the extraordinary range of consultations which the Administration is now undertaking will be to put pressure on Mr. Carter to dilute the "bold initiatives" he promised last week. To the extent, however, that the measures have the advance *approval* of the Congressional leaders, they will appear more realistic.

Besides spending cuts — the linchpin of any new package — *the Administration has floated* an increasing number of other steps: a tougher voluntary incomes policy, some direct credit controls on which Mr. Carter *has consulted with* Mr. Paul Volcker, the Federal Reserve chairman, in recent days, and curbing inflation-linked pension payments.

**Lex, Back Page**

# Du Cann highlights Tory unrest

BY RICHARD EVANS, LOBBY EDITOR

*THE* growing unrest among Conservative MPs at Government economic strategy is being put more forcibly to the Government as the Budget and the latest public spending cuts package approach.

Ministers were clearly jolted at the weekend by the remarks of Mr. Edward du Cann, chairman of the 1922 Committee of Tory back-benchers. He called for a much stronger lead by the Government on economic matters and more *realistic* spending cuts by slashing bureaucracy rather than valuable services.

Mr. du Cann was bitter over the presentation of Government policies and at the "missed opportunity" of last year's public spending cuts which he claimed had left top-heavy administration intact.

The significance of his speech made near Weston super Mare on Saturday, is that *it* represents widespread party feeling that the Government is still not getting to grips with cutting the public sector borrowing requirement and has attracted unnecessary political odium from many of the cuts proposed so far.

The warning is clear. If Sir Geoffrey Howe, Chancellor of the Exchequer, fails to produce a Budget and spending cuts that Tory MPs regard as fair and effective, there will be trouble. The *new intake of MPs has* already shown itself to be extremely independent and prepared to harry the Government. Many are in highly marginal seats and have no desire to see ministers court unpopularity unnecessarily.

A further indication of party disquiet over the cuts will come in the Lords this week when Government plans to save £32m through the imposition *in* the Education Bill of charges for school transport, are debated.

Conservative Party morale *could also be hit this week by* the result of the by-election at Southend East on Thursday. Mr. Teddy Taylor, former shadow Scottish Secretary, is expected to hold the safe seat but with a greatly reduced majority.

In his speech, Mr. du Cann said the public expenditure White Paper on Budget Day would be closely examined in two respects. First, to establish whether reductions in State *spending—in the context of a* declining industrial base—were adequate to reduce the Government's need to borrow, thereby signalling the necessary reduction in interest rates.

**Editorial comment, Page 18**

# Package offers EEC budget hope

BY JOHN WYLES IN BRUSSELS

THE UK is moving towards a grudging acceptance that an early end to its prolonged *battle for a lower net contribution* to the EEC budget may only be possible on the basis of a package deal embracing other issues.

It is being concluded that this offers the best prospect of manoeuvring France and other EEC states into accepting a deal which would significantly lower Britain's net payments expected to be at least £1.2bn this year.

Although France has publicly spelled out the row over lamb imports, farm prices, and spending economies on agricultural surpluses as the issues it is linking to a resolution of the British budget problem, it *is not alone in indicating* a demand for *quid pro quos.*

The Dutch and Danes want to see early agreement on a common fisheries policy, to which the British position has long been an obstacle, and that eventual British membership of the European Monetary System *is something West Germany* would like to move along through the British budget negotiations.

Formally, UK Ministers remain opposed to "linkage" because they believe that the budget case is strong enough to stand on its own. However, Commission sources note that the UK is now acknowledging the *need for progress in other* problem areas. It is hoped this developing flexibility could help create the conditions for an outline agreement at the heads-of-government summit in Brussels in three weeks' time.

Officials think the outline agreement could include a *figure for Britain's revised* contribution—less than the £880m to £900m reduction which is the UK's current negotiating target, but *substantially* more than the £350m which will probably be the the starting point of discussion.

# Talks on higher interest rates

BY DAVID MARSH

**THE POSSIBILITY of further coordinated increases in international interest rates is expected to be discussed at a meeting of leading central bank governors in Basle today.**

**This follows the sharp monetary squeeze in the U.S. last week and heavy central bank support to restrain the strength of the dollar. The squeeze may be backed by fresh anti-inflation measures to be decided *this week* by the Carter Administration.**

**The central bankers, assembling for their monthly gathering at the Bank for *International Settlements, will* also review ways of improving control over international banking liquidity, which has expanded sharply in recent months following the increase in surpluses of the oil exporting countries.**

**One result of the discus*sions may be further steps to* improve official surveillance of Euromarket banking.**

**The central banks are also expected to discuss a proposal that the BIS participates in a bridging loan of several hundred million dollars to help the central bank of Turkey weather the country's financial problems.**

**Last week's sharp rise in U.S. interest rates, which boosted the dollar to its *highest levels for several* months, has caused severe problems particularly for West Germany, Japan and Switzerland.**

**The Bundesbank, Bank of Japan and Swiss National Bank, intervened heavily to support their currencies on *the exchange markets last* week. Together with more modest intervention by the Bank of England and other EEC central banks, last *week's official dollar sales* probably came to well over $5bn.**

**Germany, Japan and Switzerland have increased their discount rates in recent weeks as part of measures to bolster their currencies. Heavy intervention sales of dollars, which has withdrawn large amounts of funds from domestic money markets, are already squeezing liquidity further. But unless the dollar's strength can be stemmed by more intervention — which appears unlikely on last week's showing—further discount rate rises may be necessary in all three countries over the next few weeks.**

# More pressure on Ford after Reagan's win

BY JUREK MARTIN IN MIAMI

MR. RONALD REAGAN'S crushing victory in Saturday's primary election in South Carolina has added to the pressure on former President Gerald Ford to decide sooner rather than later whether or not to enter the race for the Republican Party's presidential nomination.

Mr. Reagan swept all South Carolina's 25 convention delegates by winning 54 per cent of the votes to 30 per cent for Mr. *John Connally and 15 per cent* for Mr. George Bush.

This appears to make it more likely that the conservative former Governor of California will take the three southern primaries to be held tomorrow in Florida, Alabama and Georgia, thus acquiring a substantial edge over the field prior to the big State elections in Illinois and New York later this month.

South Carolina was especially *important because it dispelled* the possibility that Mr. Connally, the former Democratic Governor of Texas and Treasury Secretary under President Nixon, could blunt the Reagan drive in the conservative south. It also further undermined Mr. Bush's claim to enjoy broad national support as the best alternative to Mr. Reagan.

Mr. Connally, who went home to Houston yesterday to reassess the future of what now looks like a lost campaign, had put all his eggs in the South Carolina basket. He virtually took up residence in the state, and *was aided by the unstinting* efforts of Mr. Strom Thurmond, the legendary local Senator.

But only in the rural areas, where Mr. Thurmond commands great popularity, was he able to run Mr. Reagan close. In fact, more Democrats, lacking a primary of their own, turned out to vote than Republicans in the first GOP primary ever held in the state.

Mr. Bush was less downcast, *claiming that he had invested* relatively little effort in South Carolina. Over the weekend, he cancelled trips to New York and Chicago in order to devote *everything to Florida, where,* he says, recent polls have shown growing support for his candidacy.

But this view was challenged by a poll in the Miami Herald, which found, among Republicans most likely to vote tomorrow, Mr. Reagan was favoured by 42 per cent to 26 per cent of Mr. Bush, 4 per cent for Liberal Congressman John Anderson (who is not campaigning in the South), 2 per cent for Mr. Connally and 19 per cent undecided.

*Another survey conducted for* four State newspapers and reportedly the source of Mr. Bush's optimism, put the gap between Mr. Reagan and Mr. *Bush at only 2 points.* But this poll also found that it was Mr. Ford, much more than the declared candidates, who was reckoned to have the best chance against President Carter in the November election.

Over the week-end, Dr. Henry Kissinger added his name to the list of those urging Mr. Ford to run. After conferring with the former president, in his California home, Dr. Kissinger, who, it must be pointed out, has been promised his old job back if Mr. Ford is returned to the White House, said that Mr. Ford was the best man to deal with the present U.S. problems.

## Promise

Mr. Ford, *who believes Mr.* Reagan is too conservative to win in November has promised to take his decision no later than March 20, after the Illinois *primary.* If he delays even one day beyond then, he would be ineligible to contest many of the later big State primaries, including California and Ohio: even if he declares then, he would still be forced to miss many primaries for which candidacy deadlines will have passed.

On the Democratic side, President Carter is the overwhelming favourite to beat Senator Kennedy here in *Florida, which, though the* birthplace of the draft-Kennedy movement last year, is a State which the Senator has not visited for weeks as he concentrates *his scant resources on* Illinois and New York. The Miami Herald poll gives Mr. Carter a 66 to 13 per cent lead, while the poll for the other four newspapers puts the gap at 73 per cent to 15 per cent.

The eventual margin, however, is unlikely to be this big. Both surveys were conducted before the enormity of last weekend's debacle over the U.S. vote against Israel in the United Nations had sunk in.

Jewish Americans, who comprise a hefty slice of the Democratic votes in Miami, suggest that this has genuinely hurt the President. In Georgia, his home State, and Alabama, the issue is much less controversial.



## CONTENTS



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# Begin appoints Foreign Minister

BY OUR TEL AVIV CORRESPONDENT

THE HAWKS inside the Israeli *Government were strengthened* yesterday by the appointment of Mr. *Yitzhak Shamir, a former* Jewish underground leader and ardent champion of Israeli settlement in the occupied Arab territory, as Foreign Minister. *Mr. Shamir, 65, is at present* Speaker of the Knesset (Parliament). He will relinquish this post tomorrow and move to the job left vacant since Mr. Moshe Dayan's resignation last October.

The invitation to Mr. Shamir was extended by Prime Minister Menahem Begin, who had wanted him at the Foreign *Ministry three months ago.* The Liberal Party bloc inside Mr. Begin's coalition held up the appointment, *claiming the post* should go to one of their men. They dropped their objection last week.

Mr. Shamir is noted as an *outspoken opponent of Israeli* concessions to the Arabs. He has also spoken out against the Camp David accords and the subsequent peace treaty with *Egypt, complaining that Israel* had been forced to give up too much land.

Mr. Shamir will be in charge of a department which has had less and less to do in recent months. It was because so many Foreign Ministry tasks were transferred elsewhere that Mr. *Dayan resigned. Negotiations* on Palestinian autonomy are handled by Dr. Yosef Burg, the Interior Minister. Normalising of relations between Israel and Egypt is looked after by Mr. Ezer Weizman, the Defence Minister.

A major question for Mr. Shamir in his new post will be the withering away of international support for Israel in recent months. Britain and the EEC appear to be moving towards a more pro-Palestinian stance. Last week's UN demand for removal of Jewish settlements from Arab land was Israel's sharpest diplomatic rebuff in years.

The addition of Mr. Shamir to the Cabinet will bolster those Ministers eager to go ahead with some form of Jewish settlement *in the* West Bank city of Hebron. At the moment, moderates who fear the backlash of international opinion might just be strong enough to deter Mr. Begin from making a defiant gesture. With Mr. Shamir, the Prime Minister should have enough supporters to *swing the* Cabinet his way.

Yitzhak Shamir

# Giscard reiterates support for Palestinian autonomy

BY ROBERT MAUTHNER IN AMMAN

PRESIDENT Giscard d'Estaing *has given a further boost to the* Palestinian cause by calling here for the participation of the Palestinian Liberation Organisation (PLO) in negotiations on a broad Middle East peace settlement.

The French President, having already won the *Arab world's* praise by his support for Palestinian "self-determination" during visits last week to *four Gulf States*, again chose a propitious occasion and place for his latest statement.

On an official two-day visit to *a country which is at the heart* of the Middle East conflict, he spoke at an official banquet given in his honour by King Hussein, thereby ensuring maximum publicity for his call for PLO participation in peace talks.

*French officials* said that the President's statement did not constitute formal recognition of *the PLO*, but it is generally accepted that France has taken an important step in that direction. M. Giscard d'Estaing made it clear, however, that France does not intend to act in isolation and will closely co-ordinate its policies with its European *Community partners*.

The need for a joint European approach was implicitly recognised by King Hussein, *who appealed* in his banquet speech to President Giscard to take the initiative within the European Community and other international organisations in finding a way out of the present Middle East deadlock.

Responding to the outcry that *his call for Palestinian self*-determination has caused in Israel, President Giscard mentioned Israel by name for the first time since the start of his tour of the Gulf, Jordan and Saudi Arabia.

After repeating the time-honoured formula that each country in the region had the right to live in peace within secure, *recognised* and *guaranteed* frontiers, President Giscard said that France was aware of Israel's "legitimate concern" on this question. But, he said, Israel also had to recognise that its occupation of Arab territories since 1967 could not *permit it to establish peaceful* relations with its neighbours as it would like.

The French President also ephasised that "precise guarantees" should be given to all the states of the region by the permanent member of the United *Nations Security Council*. French officials stressed that such guarantees would naturally be extended to *Israel* as *well* as the Arab states, but there could be no hope of a just and lasting peace in the area unless the permanent members of the Security Council reached an agrement on this subject.

President Giscard is due to leave this morning for Riyadh, the Saudi Arabian capital, where he will have private talks with King Khaled, who is still convalescing from a recent illness, and Crown Prince Fahd. He is due to return to Paris tonight.

**AP adds from Paris:**—Yasser *Arafat*, leader of the Palestine Liberation Organisation (PLO), said yesterday that President Giscard had taken "the first step for Europe" toward settling the Palestinian problem.

# Saudi decision 'soon' on oil production levels

BY ANTHONY McDERMOTT IN RIYADH

SAUDI ARABIA is "very shortly" to decide whether to *keep oil production at 9.5m* barrels a day in the coming quarter Sheikh Ahmed Zaki Yamani, the *Minister of Oil* and Mineral Resources, said here yesterday in an interview. He added that production would go back to what he called "the legal ceiling" of 8.5m b/d if no decision was reached by the Saudi Government.

*Saudi Arabia exceeded its* self-imposed limit in an attempt to prevent the leapfroggings of oil prices by producers—but with little success. Differentials widened rather than narrowed and from the beginning of this year. Saudi Arabia has been *forced to raise the price of its* reference Arabian light crude by $2 a barrel to $26.

The Minister felt that this lack of price unity would continue until the summer. It was caused by a shortage in oil supplies against demand, in turn *was caused by consumer stock*piling by companies (estimated at 5m barrels a day) and strategic stockpiling by the U.S. which he described as "definitely aggravating the price situation."

In addition, as long as Saudi *Arabia remained unwilling to* increase its oil prices to the levels wanted by other countries—and Sheikh Yamani saw little chance of this happening—there would be no price unification.

Sheikh Yamani expected that Petromin, the Saudi state oil *company, would increase* its governmentto-government sales, of which about 15 have been concluded so far. Its exports amounted to 1.4m b/d last year.

Mobil earlier this month signed an agreement on "incentive crude" terms whereby *it would participate with* Petromin in the construction of their refinery and petrochemical complex at Yambu on the Red Sea. Part of the deal was an entitlement to crude measured against the size of its investment in the project.

Sheikh Yamani did not expect any further such agreements this year,

# Marchais accuses political opponents

By Terry Dodsworth in Paris

M. GEORGES MARCHAIS, leader of the French Communist Party, accused his political opponents yesterday of trying to undermine his candidacy in next year's *Presidential* elections by falsifying his war record.

This new storm over M. Marchais's past follows an article *in "L'Express"* news magazine in which it is claimed that the Communist leader was a volunteer worker in Nazi Germany during the last war. *Photocopied* documents purport to show that M. Marchais presented himself for voluntary registration for work in Germany in 1944, one year after he says he left the country.

M. Marchais suffered from similar accusations soon after his election as leader of the French Communist Party in 1970. *He has always claimed* that he was compelled to go to Germany and that he escaped in early 1943.

# Poll setback for Levesque

By Robert Gibbens in Montreal

A POLL taken between January 29 and February 15, at the height of the federal election campaign, found that, had the Quebec referendum been held then, 52 per cent of respondents would have voted *against* and 41 *per cent for* giving the Quebec Government a mandate to negotiate sovereignty-association with the rest of Canada.

However the poll found that among Francophones 48 per cent would have voted yes and 46 per cent no, with 6 per cent undecided.

The poll also showed that a strong majority of Quebec electors would have voted for the Quebec Liberal Party, which opposes sovereignty-association, over the ruling Parti Quebecois. Some observers have suggested the strength of Mr. Trudeau's *Liberals in Quebec may swing* popular sentiment in the referendum towards the Yes vote for a stronger negotiating position in constitutional negotiations.

## Gundelach mission

MR Fin Olav Gundelach, the EEC Farm Commissioner, goes to Strasbourg today in an attempt to cool a row in the *European Parliament over* subsidised sales of EEC butter to the USSR, Margaret van Hattem reports from Brussels. If he fails, the Commission may decide at its tender on Thursday not to resume the butter sales, which were suspended in January following Soviet intervention in Afghanistan.

## Turkish aid

MR. TURGUT OZAL, the Turkish Government's chief economic adviser, yesterday left for West Germany on a four country tour to raise loans and obtain debt relief for Turkey, Metin Munir reports from Ankara. Today he will meet Herr Hans Matthoefer, the West German *Finance Minister, who is co*-ordinating Western economic aid to Turkey.

# Mugabe hopes to present Cabinet list tomorrow

BY TONY HAWKINS IN SALISBURY

WHITE RHODESIANS will hope to see concrete evidence this week of the direction to be taken by Mr. Robert Mugabe's ZANU-PF Government after intensive consultations both within the party and between ZANU and its proposed coalition partner, *Mr. Joshua* Nkomo's Patriotic Front, over the weekend.

It seems evident that the talks have hit some snags since *the announcement promised for* Saturday midday on the portfolios being offered to Mr. Nkomo's party was *postponed* without explanation. However, the Prime Minister-designate still hopes to present a full Cabinet list to Lord Soames, the British Governor, by tomorrow.

Mr. Mugabe said at the weekend that he intended to assume *the vital defence portfolio*, thereby ending speculation that this job would go to Mr. Nkomo. Mr. Mugabe promised that there would be "one or two" whites in the Cabinet, but hinted that these might not come from the ranks of Mr. Ian Smith's Rhodesian Front but from "independent" whites with no previous political affiliations.

The assumption is that the whites in the Cabinet will be restricted to "technical" portfolios such as mines or transport, rather than strategically significant ones.

Although there was no official explanation of the weekend delay, there *is speculation* that Mr. Nkomo is holding out for rather more senior posts than he has been offered. At the same time, it is pointed out that Mr. Mugabe is likely to have frequent discussions with his central committee, members of which may be anxious to limit Mr. Nkomo's stature.

Mr. Mugabe has a clear absolute majority in Parliament but in the interests of unity and reconciliation has offered to *form* a broad-based Cabinet with members from the PF itself and from racial minority groups.

At his weekend news conference, Mr. Mugabe continued *to* bely his Marxist radical image. He promised a policy of "*good-neighbourliness*" with South Africa but said that no decision had yet been taken on diplomatic links with Pretoria. He again expressed opposition to apartheid but spoke of strengthened trading ties with the Republic and use of the *South African transport system* on which Zimbabwe is likely to be almost entirely dependent for the next six months. But he warned Pretoria that it should learn from Zimbabwe's "bitter struggle."

"If you continue to oppress a people and there is disgruntlement, there can be an uprising. I think South Africa should act swiftly in preventing it by bringing about changes," he added.

Mr. Mugabe repeated that his Government would not provide *military support to South African* nationalist groups, though it would fight apartheid in international forums.

# Students insincere, says Qotbzadeh

BY SIMON HENDERSON IN TEHRAN

THE MILITANT students still holding the American hostages at the U.S. embassy in Tehran were yesterday accused of insincerity by Mr. Sadeq Qotbzadeh, the Iranian Foreign *Minister, in their wish to hand* them over.

The accusation followed contradictory statements from the students, in which they repeated *their willingness to give up the* hostages but underlined their refusal to hand them over to Mr. Qotbzadeh as the chosen representative of the ruling Revolutionary Council.

Last Thursday the students were said to have agreed to arrangements under *which the* hostages could be seen by the visiting UN special commission investigating the ex-Shah's rule. Yesterday a resolution of the crisis was still not in sight after a confusing series of events culminating in a meeting between the students and representatives of the Foreign Ministry.

In making their different statements the students appeared to be reacting to demonstrations in their support in the local Press as well as by crowds in the streets outside the embassy. At a rally in the southern city of Shiraz on Saturday a resolution was *passed calling for the unconditional* resignation of Mr. Qotbzadeh.

Even if the transfer does take place, the hostages may not be assured of their freedom until after elections for a general assembly which are due to be held on *Friday*. Ayatollah *Khomeini, Iran's effective* ruler, stated two weeks ago that it was up to this Parliament to decide the fate of the hostages.

Apart from the international implications, the hostages issue remains inextricably tied up with Iranian domestic politics. *Hojatoleslam Ali Khamenei*, a member of the Revolutionary Council, was quoted at the weekend as saying the question of the hostages was not separate from the extradition of the Shah from Panama, and that he believed that the *students were the most suitable* people to keep the hostages until their fate was clarified.

Ayatollah Khalkhali, the notorious judge in the Islamic revolutionary courts who has sentenced many people to death, declared in front of the *embassy compound on Saturday*: "We will not surrender to compromise. Surrender is shame for the Iranian nation."

Both men are believed to be rivals of President Bani-Sadr, who has sought a breakthrough in the crisis since being *popularly elected to his post*. But the key question concerns the view of Ayatollah Khomeini.

# Tokyo Electric in $100m Indonesia LNG purchase

BY RICHARD COWPER IN JAKARTA

JAPAN'S leading utility company last week signed a contract with Indonesia's state-owned oil company for the purchase of 750,000 cubic metres of liquid natural gas at an estimated cost of around $100m.

The gas will come from Indonesia's existing facilities at Arun in North Sumatra and Badak in East Kalimantan, both of which are currently producing more LNG than is contracted for by Indonesia's existing Japanese buyers—a consortium which includes Nissho Iwai, Chubu Electric, Kansai Electric, Nippon Steel, Osaka Gas and Kyushu Electric.

Although this is a one-off sale, Tokyo Electric, along with Tohoku Electric Power, another Japanese utility, have recently been negotiating with Pertamina for the purchase of Indonesian LNG on a long-term contract basis.

This would necessitate the addition of a fourth and perhaps fifth production unit at Arun, the construction of which would most probably be financed by the buyers. The deal is expected to be finalised some time towards the middle of this year.

Japanese interest in Indonesian LNG has grown considerably over the past two years because of Japan's long-term energy strategy, which calls for reduced dependence on oil and increased use of gas for electricity generation and domestic gas production. For Indonesia the sales are part of the country's long range plans to develop its gas resources, and, in particular, to stop the wastage of an estimated 3m tonnes of gas which is currently flared off.

Last year more than 40 per cent of Japan's LNG imports came from Indonesia.

Indonesian production is currently running at over 5m tonnes a year, all of which goes to Japan, and this is projected to increase to over 7m tonnes annually by the end of 1982. Meanwhile this year Pertamina hopes to sign contracts with Japanese and American companies, which would more than double the country's existing LNG capacity. If everything goes according to plan construction work on five or six new LNG trains should be finished by 1985. Giving Indonesia an LNG production equivalent to around 300,000 barrels of oil per day.

# French build Jakarta airport

BY OUR JAKARTA CORRESPONDENT

INDONESIA IS to get a new international airport at Cengkareng, 16 miles south of Jakarta at a cost of $307m (£138m).

The project will be designed and built by French companies with 60 per cent of the finance coming from the French Government and a consortium of French banks, and the rest from the Indonesian treasury.

If all goes according to plan work should start on the new airport later this year with 1984 set as the completion date. The French Government will contribute $88m in the form of project aid through Banque France de Commerce Exterieur at an interest rate of 3 per cent, payable over 26 years

A consortium of French banks, including Credit Lyonnais, Banque National de Paris, Societe General, Banque Indosuez, Banque de l'Union European and Banque de Paris et de Pays Bas will provide $132m of export credits at an interest rate of 8 per cent over 20 years

A contract for the design and supervision of the project is expected to be awarded to the French Government-owned "Aeroport de Paris" within the next few days. Meanwhile six French construction groups have been given the go-ahead to tender for the project. Tenders are to close in May.

Meanwhile, Mr. Rusmin Murjadin, Indonesia's Communications Minister announced that Indonesia has signed an agreement with Hughes Aircraft of the U.S. for two new satellites to replace existing models when they go out of operation in 1983-1984. The satellites will cost US$79m.

The companies bidding for the project are Citra, Bouygues, Fougerdlles, Dumez Spie Batignolles and two consortia — Campenon-Bernard, Dragages and Grands Travau de Marseille in one and d'Enteyepiese Colas and Saint Rapt et Brice in the other.

# Honecker assurance on trade at Leipzig fair

By Leslie Colitt in Leipzig

THE LEIPZIG spring fair, the leading East-West trade function, has attracted thousands of eWstern exhibitors and the largest number of senior Western politicians to a Comecon country since the Soviet invasion of Afghanistan led the U.S. to impose trade sanctions against Moscow.

West Germany has sent Herr Josef Ertl, Agriculture Minister, to Leipzig—the first West German Cabinet member to visit a Warsaw Pact country since political tensions began over Afghanistan. Herr Ertl will have talks with East German officials in Leipzig and East Berlin.

Mr. Cecil Parkinson, the British Trade Minister, arrives in Leipzig today and may attend the signing of a substantial contract between East Germany and the British GKN group.

East Germany's leader, Herr Erich Honecker, assured the West German Krupp company that 1980 would be an "especially good year" for economic relations between East and West Germany.

Krupp is competing against French, Japanese and Austrian companies to build a DM 1.5bn (£375m) steel plant at Eisenhuettenstadt on the border.

Herr Honecker also visited the stand of GKN, where he said East Germany "appreciated" the effort the British engineering group had put into developing its contacts with the country.

GKN has bid against competition from Citroen, Fiat and Volvo to rebuild parts of the East German truck industry at Luwigsfelde, and is favoured to land a contract worth £50m to build a forge producing truck components.

# Curbs by Third World expected as patents conference collapses

BY BRIJ KHINDARIA IN GENEVA

A 90-NATION conference to alter key provisions of a century-old treaty governing the grant of patents has broken down and now opens the way for unco-ordinated Third World legislation which could hamper Western exporters of technology.

The U.S. which opposes the main Third World and Soviet demands, refused to go along with a last-minute conference decision which would have cleared the way for substantive negotiation on the main disputes.

A new conference may be called next year but the treaty's revision is unlikely to be completed before 1982. Many developing countries are expected to go ahead with national patent legislation, which will curb some of the rights traditionally enjoyed on their territories by foreign owners of technology.

The negotiations, which began on February 4 after five years, on preparatory work, were aimed at revising the Paris Convention on Protection of Industrial Property, which lays down the legal protection enjoyed by owners of patents. The key advantages accorded by the treaty are the exclusive right to use patented technology for a certain period of time (usually 15 to 20 years) and to voluntarily sell the technology under licence.

The Third World's main complaint is that foreign companies obtain patents on their territories to prevent local rivals from entering the market, and then import the product resulting from the patented technology instead of investing building in factories on the spot.

These countries want freedom to give a licence to use the patented technology to another enterprise against the original owner's will if he does not set up a production facility for three years.

The Soviet Union is insisting, without third world support, that its system of investors' certificates should be seen as being equivalent to Western patents.

The fear now is that Western companies will become more cautious in dealings with Third World governments and enterprises wishing to buy technology under licence.

Convinced that none of their demands would be conceded by the U.S., developing countries, supported by Switzerland and the Scandinavians, insisted that a two-thirds' majority should be enough to approve changes to the Paris Convention.

Disagreement prevailed until the end of the conference but the chairman said after consultations with delegations that changes could be carried by a two-thirds majority provided that less than 12 countries cast negative votes.

But Mr. Sydney Diamond, the chief U.S. delegate, declared that his country reserved the right to treat decisions not taken unanimously as illegal and to not implement them.

Developing countries point out that the convention was first concluded in 1883, and its latest revision goes back to 1967 before the concept of a new international economic order was launched.

# Sharp rise in Brazil steel sales to Britain

By Rik Turner in Sao Paulo

BRAZIL EXPORTED £4.6m worth of steel to the UK in January. This represents a substantial increase, given that the figure for the whole of 1979 was only £10.74m.

The rise is clearly a result of the increased demand created by the strike at BSC. But steel officials here are hopeful that there may be more lasting benefits for Brazil, for even when work is resumed at BSC some of the additional customers won during the strike may continue buying Brazilian steel.

Meanwhile, Sr. Aloisio Marins, executive secretary of Brazil's National Council of Steel and Non-ferrous metals, said he received a "very clear message" at the recent OECD meeting in Paris that the U.S. will restrict steel imports to protect its domestic industry.

Brazil has previously been accused of dumping iron ore and footwear in the U.S.

Sr. Marins went on to say that while in Europe he met Brazil's ambassador to the EEC who conveyed the Community's concern at the potential competition on the world market of steel products from developing countries. Sr. Marins emphasised that the Brazilian Government's policy is to expand the sector primarily to meet the demands of domestic market.

Siderbras, the state holding company in the steel sector, is to invest a total of Cr.140bn (£1.37bn) this year, according to a recent statement by Trade and Industry Minister Sr. Camilo Pema. This will be spent on new machinery and modernisation of Brazil's existing seven, state-run, steelworks. No decision has yet been made on the building of a further plant.

# Ford U.S. buys parts in Japan

TOKYO—NTN Toyo Bearing said it has reached a five-year agreement to supply Ford Motor of the U.S. with constant-velocity ball joints for front-wheel drive Ford cars scheduled to be marketed from the 1981 model year, Reuter reports.

The company, which makes ball joints under licence from Guest Keen and Nettlefolds (GKN) of the UK, said it will ship them to Ford in collaboration with GKN.

The company declined to give details of the value of the contract and the volume of shipments, but industry officials said its monthly shipments were expected to amount to between 20,000 and 30,000 joints beginning next May. NTN added that it plans to increase its production capacity to about 500,000 joints a month from the present 300,000 to meet increasing domestic and overseas demand.

Hazel Duffy adds: The NTN agreement with Ford has been made to meet the growing demand by American car manufacturers for front-wheel drive components in preparation for the new models being brought out.

GKN expects to begin production shortly of constant velocity joints from its own new factory in Sanford, N. Carolina. The factory has the capacity to produce 400,000 car sets (a set equals four joints) a year.

Another factory is also being built at Alamance, N. Carolina, for GKN which is scheduled to come on stream in time to supply the 1982 models. Capacity of this factory has recently been raised to 600,000 car sets a year.

SHIPPING REPORT

# Shippers lay up big tankers

By William Hall, Shipping Correspondent

FOR THE first time in nearly a year, shipping companies are beginning to lay up their large tankers because of lack of work and unduly depressed freight rates.

Mobil Oil has recently placed its 227,486 dwt Mobil Raven in mothballs in Brunei Bay and Shai Tankers has done the same with its 235,600 dwt Sagitta.

Other companies are likely to start laying up their very large crude carriers (VLCC) over the next month in the absence of a dramatic improvement in freight rates.

According to R. S. Platou, the Norwegian shipping brokers, the amount of tanker tonnage waiting for cargoes in the Arabian Gulf has jumped from 3.6m dwt to 13m-14m dwt in the space of a month. Most of the ships are VLCCs and the current freight rate of Worldscale 29 is 12-15 Worldscale points below break-even level for a VLCC's running expenses.

The latest official figures still show a declining trend in laid-up tanker tonnage. However, according to more up-to-date figures compiled by Davies and Newman, the U.K. tanker brokers, the amount of laid-up tanker tonnage in the world rose by 0.2m dwt to 14.0m dwt during February.

Last week, the International Maritime Industries Forum, forecast that the market for VLCCs would not be back in balance until 1983/84 at the earliest

The owners of VLCCs have been particularly hard hit by the structural change in the oil transportation market. Galbraith Wrightson reports that four years ago the major oil companies (the principal users of VLCCs) were handling in the region of 17/18m barrels of OPEC oil a day.

This is now down to 12m barrels a day. In contrast, independant companies are now handling 7m barrels a day and government-to-government deals account for another 5m barrels a day.

# Jamaica surplus on UK trade

By Canute James in Kingston

JAMAICA recorded a favourable trade balance of £37.6m with the UK last year. The island's exports to Britain totalled £82.1m, while imports of UK goods totalled £45.5m.

The volume of trade between Britain and Jamaica last year was the second highest ever, exceeded only in 1978 when UK imports of Jamaican products were valued at £96.1m, while British exports to the island totalled £48.7m.

Just under one half of Jamaica's exports to the UK last year consisted of alumina, which was valued at £40.3m.

Other major Jamaican export items were sugar (£18.4m), bananas and other fruit (£17.3m), beverages (£2.2m), and coffee, cocoa and spices (£2.0m).

The main imports from the UK were machinery and transport equipment (£15.6m), manufactured goods, including iron and steel (£11.5m), food (£2.1m) and chemicals, including medicinal and pharmaceutical products (£1.5m).

# Australia to undertake uranium enrichment study

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government is expected to mount a feasibility study into the establishment of a uranium enrichment plant in Australia following a report released last week by an independent advisory body.

Mr. Doug Anthony, the deputy Prime Minister and Minister for Trade and Resources, said that the Government was already encouraged by the attitude of foreign Governments towards developing a uranium enrichment industry in Australia.

The U.S. and Japan have shown interest and a French delegation left Australia only a few days ago after offering to assist with finance and technology for building a plant at an estimated cost of Aust.$1.5bn (£750m). Mr. Anthony said the tri-partite organisation Urenco-Centec representing the UK, Germany and the Netherlands had also shown interest.

The report was tabled in Parliament by the uranium advisory council—an independent advisory group representing mining, aboriginal, trade union, research, nuclear and conservation interests.

Mr. Anthony said the Government envisaged a major role for Australian industry in the study and, if the venture proved feasible, in developing a commercial enrichment industry in Australia.

The Government has already encouraged the formation of the Uranium Enrichment Group of Australia by the big industrial and mining companies BHP, CSR, Peko-Wallsend and Western Mining.

The council accepted in its report that the Australian Atomic Energy Commission possessed the necessary technical skills and experience to advise and possibly participate in the planning, construction and operation of an enrichment plant.

Mr. Anthony said Australia's interest in uranium enrichment stemmed from the abundant supplies of natural uranium in the country and cheap coal for power generation. Australia has an estimated 17 per cent of the world's non-Communist supplies of uranium.

The report stressed the importance of environmental protection and surveillance measures to minimise the risk of diversion of low enriched uranium for production of weapons grade material. A storm of protest is expected from environment and anti-nuclear groups, but several state governments have already indicated they would be happy to have a plant in their territory because of the employment generated.

The advisory body warned that the market for enriched uranium was uncertain. Using projections by international organisations, the council suggests that the enrichment market will be adequately supplied until about 1990 but that demand will grow substantially thereafter.

At the same time it points out that the enrichment market may have a limited life expectancy if fast breeder technology develops more rapidly than expected.

# Italians win $20m order

BY PAUL BETTS IN ROME

TWO LEADING Italian State-controlled engineering concerns have won orders worth U.S.$20m for the construction of warehouse and loading facilities for the new coal ship terminal complex of Port Kembla, near Sydney, in Australia.

The two Italian companies are Italimpianti, a subsidiary of the state Finsider steel group, and Ansaldo, part of the Finmeccanica state engineering and energy group.

The facilities to be built by Italimpianti and Ansaldo in Australia will give the Port Kembla coal terminal an initial annual loading capacity of 15m tonnes of coal, eventually to be increased to about 20m tonnes.

Ansaldo has also recently been commissioned by the state energy commission of Western Australia to build two solar energy plants at Perth with a capacity of 500 kn each. These are understood to be the first two solar energy plants to be built in Australia.

● Ground has been broken for Australia's largest single investment in the Philippines, a privately owned joint-venture steel galvanizing plant, AP-DJ adds from Manila. The $27.5m plant, being constructed by the Philippine Steel Coating Corp, is expected to be fully operational by September 1981.

The project is 60 per cent owned by a Filipino family and 40 per cent by two Australian companies—Australian Mining and Smelting and John Lysaght, Australia. They are subsidiaries of two of Australia's largest corporations, Broken Hill Proprietary, and Conzinc Rio-Tinto of Australia.

Before the steel joint venture, Australian investment in the Philippines amounted to $38.5m.

## World Economic Indicators

| | Jan. '80 | Dec. '79 | Nov. '79 | Jan. '79 | % change over previous year | Index base year |
|---|---|---|---|---|---|---|
| UK | 245.3 | 239.4 | 237.7 | 207.2 | +18.4 | 1974=100 |
| U.S. | 233.2 | 229.9 | 227.5 | 204.7 | +13.9 | 1976=100 |
| France | 236.8 | 232.3 | 230.5 | 209.7 | +12.9 | 1970=100 |
| Belgium | 138.7 | 136.7 | 136.2 | 130.9 | + 6.0 | 1976=100 |
| Holland | 129.0 | 128.4 | 128.2 | 122.2 | + 5.6 | 1975=100 |
| Germany | 113.4 | 112.2 | 111.8 | 107.5 | + 5.5 | 1976=100 |
| Italy | 172.6 | 167.1 | 164.4 | 142.2 | +21.4 | 1976=100 |
| Japan | 131.6 | 130.4 | 129.6 | 123.4 | + 6.6 | 1975=100 |

# Nearly half rates will top 119p guideline

BY ROBIN PAULEY

MORE THAN 40 per cent of metropolitan authorities in England and Wales will levy a 1980-81 rate more than 10 per cent above the Government guideline of 119p in the pound.

But, outside London, the average is within 3 per cent of the Government figure, say statistics published today by the Chartered Institute of Public Finance and Accountancy.

The institute expects average rate bills to rise by about £40 to £193 a year, a 27 per cent increase. Earlier analyses by the Centre for Environmental Studies and the Association of District Councils came to similar conclusions.

The 119p figure contained an allowance for inflation of 13 per cent, some 5 per cent lower than at present. So local authorities must have kept rises down, relatively, by drawing more heavily on reserves than expected or by cutting deeper into services.

AVERAGE RATE RISES
(1980-81 compared with 1979-80)

| Type of authority | Domestic rise % | Domestic rise £ | Business rise % |
|---|---|---|---|
| Inner London | 34 | 70 | 24 |
| Outer London | 26 | 50 | 21 |
| Metropolitan | 28 | 38 | 23 |
| Shires (England) | 25 | 39 | 21 |
| Shires (Wales) | 32 | 31 | 22 |
| Average all authorities | 27 | 41 | 22 |

Source: Chartered Institute of Public Finance and Accountancy.

A Tory survey has indicated that councils are cutting services rather than improving efficiency and reducing staff.

The highest rate rises will again hit London, where the average domestic bill will go up by 30 per cent to £253.

To match the notional 119p, authorities outside London would have to levy an average rate 23.5 per cent higher than last year or £34. In the event *their increases average 26 per* cent, or £38.

Authorities at the top of the rates league are far from 119p and had no hope of getting close to it. They are led by Newcastle-upon-Tyne, with a 176.5p rate.

Top of the London league is Lambeth, with a 49.5 per cent rise taking the average bill up £102 to £308. The next highest are *Hackney* (48.9 per cent), Lewisham (48.2 per cent) and Southwark (46.6 per cent).

Lowest is Croydon—10.8 per cent—and with the lowest average bill at £185, £18 higher than last year. Hillingdon (14 per cent), and Wandsworth and Bromley (both 17.9 per cent) have the next lowest increases.

The highest average rate bill in London is in Camden (£408), followed by Westminser (£377), Kensington and Chelsea (£371) and Islington (£359).

# Bank of Scotland ends double use of deposit accounts

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE Bank of Scotland is to abolish the traditional Scottish banking practice whereby customers could use deposit accounts as if they were current accounts.

Managers of the bank's 400 branches will stop paying standing orders through deposit accounts from next October. The bank already refuses to accept standing orders on new deposit accounts.

The bank's campaign against high-usage deposit accounts will do more than change its personal customers' banking habits—it will enhance profitability.

Scottish customers are more concerned than English to receive interest on deposits, and Scottish banks have a lower proportion of current account balances.

About two-thirds of bank deposits in Scotland are on deposit; in England about half of the clearing banks' deposits are in interest-free current accounts.

This means Scottish banks' profits benefit far less from rising interest rates than do *London clearers' profits.*

The Bank of Scotland's moves against current-account use of deposit accounts contrast with attitudes at the Royal Bank of Scotland, Scotland's largest branch bank.

The Royal Bank encourages high-usage deposit account customers to surrender their pass-books in return for a cash-dispensing card. The card is used for withdrawals through the bank's rapidly expanding chain of Cash Line machines.

A similar approach is likely at Clydesdale Bank, the third Scottish clearer, part of the Midland group. Bank of Scotland will not issue cash dispensing cards to deposit account customers.

The move against high-usage deposit acounts is part of Bank of Scotland's overall strategy against the rising costs of branch banking.

It is opening a branch in Birmingham—the first Scottish bank to open an English branch elsewhere than in London or the Borders—which will seek wholesale business.

Other branches in England are likely to be set up within two years.

● WILLIAM HALL ON THE FERRY PILOTS' DISPUTE

# Old grievance to settle

THE DISPUTE between foreign ferry companies and the UK authorities has been smouldering for several years and seems likely to come to a head at Wednesday's meeting of the Pilotage Commission.

Companies such as DFDS *Seaways*, *Denmark's* largest ferry operator, which has been coming into Harwich for 100 years, have long felt irritated by the fact that only British subjects can be awarded pilotage certificates.

As a result, DFDS ferries have to pick up a pilot every time they enter a British port, whereas a competitor, such as *Sealink, can do without a pilot* as long as the ship's captain or First Mate has a UK pilotage certificate.

On the cross-Channel services in the Straits of Dover, French ferries are allowed to enter English ports without a pilot, but that is the only exception.

For the most part, foreign ferries entering UK ports must pick up and pay for a British pilot even though the foreign captain may know the port better than that pilot.

British ferry-operators, can get foreign pilotage certificates, thereby enabling them to do without the services of a foreign pilot when entering port.

A foreign ferry pays an average of £200-£300 every time it enter a UK port, which works *out at about* £1 per passenger carried.

With the growing price war on cross-Channel ferries, this is a cost the companies could do without. Picking up pilots adds to difficulty in keeping to tight ferry timetables.

The inequity of the situation has long been accepted by many parties involved. Indeed, the 1979 Merchant Shipping Act provides for EEC nationals to be awarded UK pilotage certificates.

But the law has not yet been implemented, and foreign flag operators such as Brittany Ferries; DFDS; Prins Ferries; and Truckline Ferries have run out of patience.

The main problem is that Britain's 1,600 pilots are very reluctant to see introduction of a measure which could give them several hundred redundancies.

The ferry-operators are about the only part of the British *shipping* industry which has flourished recently, and they provide a disproportionately large amount of the country's pilotage dues.

Though there are 3,200 British merchant ships, 14 foreign ferires provide about a tenth of total pilotage dues.

The pilots are a fiercely independent bunch, all self-employed. Their trade is steeped in tradition and revolves round the Corporation of Trinity House of Deptford Strond (to give it its full title)—a charitable organisation.

Roughly half the country's pilots come under the auspices of Trinity House. It is the principal pilotage authority, with responsibility for London and 40 other districts, including *ports such as* Southampton, Milford Haven, Holyhead and Fleetwood.

Pilotage is compulsory in all Trinity House districts, but in other areas, such as the Tees, *it is not. This means* that some ships must pay pilotage dues, whereas others can elect not to do so. This in itself is an anomaly.

The principle is that pilotage should be self-supporting, with the full cost met by the ship-owner. Only those ships that take on a pilot are liable to pay dues. This contrasts with other European countries where pilotage dues are levied on all ships irrespective of whether they use a pilot.

If EEC shipping companies were allowed to have UK pilotage certificates it would lead to a marked drop in pilotage income and a reduction in the number of pilots required.

In Harwich alone it has been estimated that 10 per cent fewer pilots would be needed.

The foreign ferry companies have lobbied the Department of Trade and Trinity House, for several months, but to no avail.

The recently-established pilotage Commission, which they meet on Wednesday, is their last hope.

Unless they get firm assurances that EEC nationals can shortly hold pilotage certificates, they will refuse to pay their pilotage dues, and this could lead to major disruption of ferry traffic.

*There is a number of* possible solutions. The EEC ferry companies are prepared to contribute to the pilot's retirement fund if they themselves get UK pilotage certificates.

*British ferry companies* already do this, since they do not pay pilotage dues.

Another solution would be for the authorities to reorganise the system of charging for *pilotage, making every ship*owner pay irrespective of whether they took a pilot.

Even if the number of ships using pilots continues to decline, Britain must still *maintain* an *effective pilotage service, which* has to be paid for.

The Government can meet the foreign ferry operators' demands very quickly if it wishes. All that is needed is to pass a *Commencement Order and* the requisite part of the 1979 Merchant Shipping Act will be activated.

The major foreign ferry operators have made clear that unless they see some progress rapidly they will stop paying pilotage dues.

# Worst recession since war forecast by Cambridge group

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT recession is likely to be slightly worse than the post-oil-crisis recession of the mid 1970s, which was then the worst since the war, according to a leading group of Cambridge University forecasters.

Total output, as measured by real Gross Domestic Product, is projected to decline by 3.3 per cent between 1979 and 1981, with the entire drop coming *this year.* Between 1973 and 1975 there was a 2.5 per cent decline.

Adult unemployment is forecast to rise by riughly 750,000 to an average of 2.2m next year, compared with a *790,000* increase from a much lower base in the mid 1970s. This is more pessimistic than most other recent economic forecasts.

The analysis comes from Cambridge Econometrics, a commercial company, and is based on the very large model developed by the Cambridge Growth Project under Professor Sir Richard Stone and Dr. Terry Barker. The model offers 10 year projections of 40 individual sectors. It is completely separate from the work of the New Cambridge Group of Economists under Mr. Wynne Godley.

The worst hit sector during the recession is expected to be engineering, with output dropping by nearly a fifth between last year and 1981 and still falling in 1982. This reflects the expected reduction in fixed investment, stockbuilding and exports.

In contrast, the output of the energy and agricultural sectors *are expected to rise. Most* other industries, particularly in manufacturing, are expected to experience falling production for the next two years.

Comparing the current and previous recessions, Cambridge Econometrics notes that the underlying causes of higher oil prices and a fall in world trade are surprisingly similar. The main contrasts are in economic policy and in the existence of North Sea oil production.

In the mid-1970s rising public spending cushioned the impact on output and employment.

It also helped boost the money supply and inflation, and reduce the exchange rate.

Higher inflation made a fall in consumer spending the main feature of one last recession.

This time, public spending is being cut, making the recession worse, but the Government hopes that the resulting control of the money supply will ease inflation.

Cambridge Econometrics forecasts that if this strategy succeeds, consumer spending will fall only slightly but the major casualties will be industrial investment in plant (down 32 per cent between 1979 and 1982) and investment in buildings *(down 8 per cent).*

In contrast to last week's projection by the London Business School that the Government's public sector borrowing target can be achieved with a neutral Budget, the Cambridge *group* believes that some increase in taxes will be necessary to stick to this goal.

*Cambridge Econometrics, P.O. Box 114, 21, St. Andrews Street, Cambridge, CB2 3RW.*

# Prices inflation 'will fall'

**THE ANNUAL rate of retail price inflation is likely to peak in the second quarter this year at about 21 per cent, but should fall slowly thereafter, according to a batch of forecasts at the weekend, writes Peter Riddell.**

**The Henley Centre for Forecasting is the most pessimistic, suggesting that the 12-month rate of increase will still be about 17 per cent by the end of the year.**

**The stockbrokers Hoare Govett suggests that the rate will fall from 21 in the second quarter to 14.6 in the last, and to 9.5 per cent by the end of 1981.**

**The brokers also believe that the earnings rate of growth could slacken in response to a sharp rise in unemployment, while raw material costs should be held down.**

**James Capel is slightly more pessimistic, mainly on the grounds that without the temporary impact of an incomes policy, increase in wages is unlikely to fall much below prevailing price inflation rate.**

# MPs to seek early pledge on Finniston

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A DELEGATION of MPs from the two major parties is to meet Sir Keith Joseph, Industry Secretary, to urge that the Government implement the recent Finniston report proposals on the engineering industry.

Mr. Arthur Palmer MP, chairman of the Commons Science and Technology Committee and organiser of the delegation, says the MPs want to press Sir Keith into making an early decision on the Finni*ston proposals.*

The report, published in January, recommends radical changes in the structure of the engineering profession, and in the education and training of *engineers. A key proposal* is the formation of an Engineering Authority which would register engineers and accredit university courses.

The Department of Industry is *consulting leading engineer*ing companies for their assessment of Finniston, and last week, Mr. Michael Marshall, the Minister dealing with the report, met the Engineering Employers' Federation and the Council of Engineering Institutions to hear their views.

Ministers and officials at the department will need to be convinced in these consultations that industry wants the Engineering Authority. They will also be looking for positive responses from the engineering institutions and academic leaders.

Sir Keith has made it clear that this will be necessary if the Government's natural aversion to setting up a quango is to be overcome.

Indications so far suggest almost universal agreement on the need for change. But the degree of enthusiasm for the main body of the Finniston proposals is not quite so clear.

The Department of Industry is drawing up a range of options, which include the Engineering Authority at one extreme and a major re-organisation of the CEI at the other.

Sir James Hamilton, Permanent Secretary at the Department of Education and Science, has already expressed doubts about Finniston's education and training recommendations.

He said they might introduce a degree of rigidity, and he would prefer to build upon those parts of the engineering education system which are "already wholly admirable."

# Inmos £25m decision likely

BY ELAINE WILLIAMS

**THE long-awaited Government approval of the £25m second tranche support for Inmos, the semi-conductor venture backed by the National Enterprise Board, is likely to be *announced within a few* days according to the Department of Industry.**

**At the same time Sir Keith Joseph, Industry Minister, is expected to approve an indus*trial development certificate* to allow Inmos to build its first semiconductor factory at a cost of £24m.**

**Progress in settling the question of more money for *Inmos was made last Thurs*day at a Ministerial meeting. This was followed by a long evening meeting at the NEB while on Friday the Inmos Board met.**

**Three months ago, Inmos asked for permission to site the first of two large semi-conductor plants in Bristol, its headquarters and research centre.**

**This request divided the committee of ministers considering plans for Inmos. Some members thought the company should be compelled to manufacture in areas of high unemployment.**

**Inmos was set up in 1978, under the previous Government, to mass-produce standard semiconductor components—*silicon* chips. Then, the NEB said that if Inmos was allowed to centre its research in Bristol the semi-conductor factories would go to assisted areas, bringing about 2,000 new jobs with them by the mid-1980s.**

**Inmos' change of heart caused an outcry from Labour MPs in depressed areas. They said that using Government money to create jobs in an area like Bristol was ridiculous.**

***The long delay in obtain*ing approval and the second £25m is claimed by Professor Iann Barron, Inmos' managing director, to be costing the company £300,000 a day in lost future production. Inmos had hoped to begin work on the new factory in January. It planned to go into limited production by the end of**

**So far, the company has spent about £10m of its original £25m, mostly on pilot production in the U.S.**

# London Transport budget cut £12m

BY LYNTON McLAIN

*LONDON TRANSPORT* has cut £12m off its 1980 investment budget and projects have been deferred. Mr. Ralph Bennett, the chairman, said yesterday that "prospects for the future are bleak."

If the 1980 level of Government grant continued for the following years annual cuts in planned capital spending of between £17m and £50m would be necessary.

Much of this year's investment, £103m, was for projects already under way or committed contractually. Scope for new investment this year was limited.

Projects for replacing equipment would have to take priority for funds over those to improve conditions for *passengers or increase revenue.*

"If this year's reduced level of Government grant is to be the pattern for the period then even straightforward replacement projects will be threatened," he said.

Mr. Bennett added that it was demoralising to have to announce reduced investment at a time when services were "at last beginning to show real signs of improvement."

Station modernisation and reconstruction schemes where work had not started or contracts placed would be deferred, saving £2.4m.

Developments at Piccadilly Circus and on the Central Line would be delayed.

London Transport told Greater London Council that its proposed automatic fare collection system and auto*matic trains might be at risk* in the next five years.

# Synthetic fibre production drops

BY MAURICE SAMUELSON

DELIVERIES of man-made fibres in the fourth quarter of 1979 were 11 per cent lower than in the last quarter of 1978, according to British Business, journal of the Department of Trade.

The drop coincided with a *14 per cent fall in production* of synthetic fibres.

Another set of figures, issued by the Textile Distributors' Association, showed that in the whole of 1979, 10 of 12 categories of goods had higher sales than in 1978. In December, sales of women's knitted outerwear, blouses and *skirts were 51 per cent higher* than in December, 1978.

# British Airways' three-class plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS, which has been offering three classes of service on its U.S. flights for some time, is to introduce the system on other long-distance flights to Canada, the Far East, Australasia and Africa, from April 1.

*The three classes—first, club* and tourist—have proved popular on transatlantic flights to New York. The club class is designed to cater for business travellers who pay the full economy class fare but cannot afford first class.

The tourist class passengers will pay rates well below the club class fares, including advanced purchase excursion and other promotional rates.

First class passengers will get fully reclining sleeperette seats.

*The number of club class and* tourist class seats available on each flight will depend on demand. Movable bulkheads will partition off the rear cabin according to the number of seats filled in each class.



## COMPANY NOTICES

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 5½% First Debenture Stock 1979/83 of this company will be closed from 17 to 30 April 1980, both dates inclusive.

N. A. HALTON, Secretary.

Victoria Street
London, SW1.
5 March 1980.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% First Debenture Stock 1977/80 of this company will be closed from 1 to 14 May 1980, both dates inclusive.

N. A. HALTON, Secretary.

Victoria Street,
London, SW1.
5 March 1980

Picture the scene:

On the one hand, a man born, bred and hardened in the West Riding, running his own small chemical company.

On the other, a man born, bred and hardened in West Byfleet, running a large investment company somewhere in the City.

The only thing they have in common is money.

One needs it. The other has popped up from the City for the day to see if he can help.

But it's going to take more than the knowledge of the finer points of finance.

Because, financing and also helping smaller businesses is a highly specialised and local affair.

And frankly, no one can help you better than ICFC.

That's because over the years we've dealt exclusively with small businessmen, so we reckon to understand them pretty well.

You'll see what we mean if you contact one of our offices dotted around the country.

Each one is run by a man who knows the area and the people like the back of his hand.

He will understand you and your problems so his advice will always be worth listening to.

More importantly, he may well be able to help you with long-term capital, anything from £5,000 to £2 million or more.

Not bad for a local lad. **ICFC**

# "Hello Mr Chalk, I'm Cheese."

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED. ABERDEEN 0224 53028. BIRMINGHAM 021-236 9531. BRIGHTON 0273 23164. BRISTOL 0272 292081. CAMBRIDGE 0223 62126. CARDIFF 0222 34021. EDINBURGH 031-226 3885. GLASGOW 041-221 4456. LEEDS 0532 30511. LEICESTER 0533 26854. LIVERPOOL 051-236 2944. LONDON 01-928 7822. MANCHESTER 061-833 9511. NEWCASTLE 0632 815221. NOTTINGHAM 0602 47691. READING 0734 861943. SHEFFIELD 0742 664561. SOUTHAMPTON 0703 32044.

# Month's car sales best since 1973

BY LISA WOOD

SALES of new cars in Britain last month reached their highest February level for seven years, according to Society of Motor Manufacturers and Traders' figures issued today.

Foreign-built vehicles continue to take a bigger share of the market. Imports last month accounted for 57.75 per cent. of total sales, compared with 52.31 per cent 12 months earlier, and their share for the first two months of the year is up from 53.14 per cent to 58.64 per cent.

The continuing upward trend of sales has surprised the UK industry.

The 145,889 registrations last month represented an increase of 9.37 per cent on the figure for February, 1979, but sales for the first two months of this year (304,997) are 5.3 per cent higher.

Ford had maintained its position as the UK's major manufacturer in February, but its market share of 32.21 per cent was established by importing 52.9 per cent of its total sales. A year earlier imported cars accounted for 39.9 per cent of sales. Ford sold 46,984 cars last month, 22,118 of which were made in Britain.

All but 2,847 of BL's 24,440 cars sold were produced in Britain. The company's share of the market improved to 16.75 per cent, and BL is confident that the current "Buy British" campaign and sales incentives will lead to a 20 per cent share later this year.

Vauxhall took 10.25 per cent of the market (9.09 per cent in February, 1979) and 80.9 per cent of its cars were made in the UK. Its Chevette and Cavalier models figured high in February's best sellers.

Of the "traditional" importers (those which have no UK assembly base) Volvo achieved a record February performance. It sold 3,538 cars, compared with 2,103 the previous February, increasing its market share from 1.58 per cent to 2.43 per cent.

Renault continued to be the major traditional importer with a market share of 6.71 per cent. Sales of the Renault 18 reached 3,495, making it the ninth best selling car in the UK.

## UK CAR REGISTRATIONS

| | February | | | | 2 months ending February | | | |
|---|---|---|---|---|---|---|---|---|
| | 1980 | % | 1979 | % | 1980 | % | 1979 | % |
| Total UK produced | 61,639 | 42.25 | 63,617 | 47.69 | 126,141 | 41.36 | 135,702 | 46.86 |
| Total imported† | 84,250 | 57.75 | 69,781 | 52.31 | 178,856 | 58.64 | 153,917 | 53.14 |
| Total market | 145,889 | 100.00 | 133,398 | 100.00 | 304,997 | 100.00 | 289,619 | 100.00 |
| Ford* | 46,984 | 32.21 | 37,062 | 27.78 | 106,764 | 35.00 | 74,027 | 25.56 |
| BL | 24,440 | 16.75 | 27,438 | 20.57 | 48,280 | 15.83 | 66,919 | 23.11 |
| PSA—Talbot | 11,713 | | 10,458 | | 21,687 | | 21,855 | |
| Citroen | 3,075 | | 3,271 | | 6,535 | | 6,366 | |
| Peugeot | 2,805 | | 2,753 | | 5,974 | | 6,610 | |
| Total PSA | 17,593 | 12.06 | 16,482 | 12.36 | 34,196 | 11.21 | 34,831 | 12.03 |
| General Motors— | | | | | | | | |
| Vauxhall* | 12,376 | | 10,090 | | 23,568 | | 20,607 | |
| Opel | 2,488 | | 1,954 | | 5,535 | | 4,457 | |
| Other GM | 96 | | 87 | | 182 | | 163 | |
| Total GM | 14,960 | 10.25 | 12,131 | 9.09 | 29,285 | 9.60 | 25,227 | 8.71 |
| Datsun | 6,154 | 4.22 | 7,208 | 5.40 | 11,231 | 3.68 | 15,615 | 5.39 |
| Renault | 9,783 | 6.71 | 7,435 | 5.57 | 19,169 | 6.28 | 15,223 | 5.26 |
| Fiat | 3,615 | | 5,861 | | 7,769 | | 12,486 | |
| Fiat Lancia | 332 | | 648 | | 779 | | 1,500 | |
| Total Fiat Auto | 3,947 | 2.71 | 6,509 | 4.88 | 8,548 | 2.80 | 13,986 | 4.83 |
| VW/Audi | 4,936 | 3.38 | 4,961 | 3.72 | 12,686 | 4.16 | 12,922 | 4.46 |

* Includes cars from companies' Continental associates which are not included in the total UK figures
† Includes cars from all sources including cars from Continental associates of UK companies

Source: Society of Motor Manufacturers and Traders

Datsun had a bad February, taking 4.22 per cent of the market compared with 5.40 per cent in the same month last year, indicating its shortage of stock.

Fiat business in the UK continued to be depressed, achieving 2.71 per cent of the market compared with 4.88 per cent in February last year. The Italian company has had production problems in the last 12 months and the UK subsidiary was short of its most popular cars, the Mirafiori and the 127 for a while.

When supply resumed in October, the Independent Television strike prevented Fiat from launching a strong media campaign and the dealership network also lost momentum.

The 10 best selling models in February were: Ford Cortina (22,513 registered), Ford Escort (10,202), Ford Fiesta (8,628), Austin-Morris Mini (6,310), Vauxhall Cavaliar (5,773), Vauxhall Chevette (5,266), Austin Allegro (4,536), Morris Marina (4,152), Renault 18 (3,495), Talbot Horizon (3,369).

# U.S. needs will not hit Ford in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SUGGESTIONS that Ford of Europe had cut expansion plans because of the financial pressures on its Detroit-based parent group, have been refuted by Mr. Robert Lutz, chairman.

Ford is expected to sustain losses of about $1bn on its North American operations this year. Iit is being squeezed by the severe fall in demand and fuel efficiency, safety and anti-pollution regulations.

Mr. Lutz insisted: "Detroit shows no signs whatever of making short-term financial demands which might harm the long-term prospects of Ford of Europe, a highly successful business."

He said Ford of Europe was still interested in setting up a new car assembly plant.

In April, he is to make a presentation to the main Ford Board about the European operation's capacity needs and budget.

He said that Ford has decided to think again about European expansion after the second oil supply crisis in 1979 when it downgraded its forecasts about future growth.

Total European car market sales were now expected to grow at around 1.8 per cent to 2.1 per cent a year against the previously forecasted 3.5 per cent. Ford of Europe reallocated investment resources, spending more on bringing new engines to the market.

Ford has room to improve its car market shares in all the major markets, he said, except perhaps for the UK where it now has more than 30 per cent. In Germany it has 10 per cent—"it should be 15"—in Italy five per cent and France four per cent.

# Report on Labour militants delayed

THE LONG-DELAYED publication of the Underhill report on infiltration of the Labour Party by extremists is to be postponed for a further week.

The report, backed by massive documentation of evidence of infiltration of local Labour parties by Trotskyists under the cover of the Militant Tendency, is certain to trigger a party row over its authenticity and its relevance. It will now be published on Friday week, March 21.

This is a week later than planned but Lord Underhill, former Labour Party national agent, has just returned from Zimbabwe where he observed the elections. He feels he needs more time to prepare for publication.

His report, first submitted in 1976 to Labour's National Executive Committee which rejected demands for publication, was updated in 1978 with more explicit evidence of entrism.

## Balance

His report, and the evidence backing it, will be one of the weapons used by the Right in its efforts to counter Left domination of the NEC, the party conference and many constituency parties. Dr. David Owen, former Foreign Secretary and a leading moderate, warned at the weekend that undemocratic party reforms would not be tolerated.

Mr. John Silkin, shadow Industry Secretary and a Left-wing contender for the leadership when Mr. Callaghan retires, warned on Saturday of the danger of the Labour Party becoming immersed in continual internal strife.

# Civil Service rise may mean cuts

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is considering further manpower reductions in the Civil Service and is staging this year's pay settlement for the 600,000 white-collar staff in an effort to bridge the embarrassing gap between its cash limit and the rises shown due by independent comparability study.

Proposals for both moves, which would repeat what happened last year when the Labour Government was faced with comparability evidence showing rises due of 25 to 5 per cent in the face of its 5 per cent pay limit, have been put forward in informal discussions between union leaders and the Civil Service Department.

Union officials are convinced that the Cabinet has set a cash limit of 14 per cent for the service, in line with the figure for other public service groups. Department officials have not challenged this assumption in talks.

The Government is likely to make its cash limit officially known before Budget Day.

Officials have also not challenged the union's belief that the department's own estimation of the rises shown due by the Pay Research Unit's comparability evidence is 18 per cent.

The unions say that following disagreement in the Cabinet over the issue, Ministers were told to think how best to reconcile the units evidence with the Government's determination to use the cash limit to regulate this year's increase.

The most likely compromise to emerge from the talks is a staged increase and staff cuts. This would allow rises closer to the unit's recommendation but would still keep the Civil Service within the cash limit.

The cost of last year's average 25 per cent increase was kept down to about 15 per cent by staging and by a three-month recruitment ban which cut about 20,000 posts. A further cut of 40,000 was sanctioned in December.

The Society of Civil and Public Servants, the second largest union, has confirmed that staging and cuts are under consideration in a paper circulated to members this week in advance of staff meetings. The union will seek authority at these meetings to take industrial action, if necessary, over the attempt to reconcile the unit's evidence with the cash limit.

The union believes that the pay research system will be placed in jeopardy and that it will become increasingly difficult to secure the unit's full recommendations if the Government's compromise is accepted.

Its paper shows that a middle-ranking civil servant earning £5,700 a year should receive a 20.68 per cent increase to take the rate to £6,879.

# Tories 'stage-managed Employment Bill row'

BY PAULINE CLARK, LABOUR STAFF

CABINET Ministers were accused at the week-end of stage-managing a "hard cop, soft cop" technique in the presentation of their Employment Bill.

Mr. David Basnett, general secretary ofthe General and Municipal Workers' Union, warned the Government, that trade unionists had not been taken in by the "stage-managed" disagreement between Cabinet doves and hawks over industrial relations law.

In a strong personal attack on Mr. James Prior, Employment Secretary, Mr. Basnett said: "Let no-one run away with the idea of Jim Prior as some kind of saviour of the trade union movement."

He told trade unionists in Manchester that Mr. Prior had "set himself to restrict and limit the right to strike and to prevent workers supporting their fellow workers in trouble."

"He does not baulk at the idea of trade unionists going to prison to achieve that end."

Mr. Basnett told a meeting of the union's Lancashire Regional Council that the only difference between the hard cops, led by Mrs. Thatcher, and the soft cops, headed by Mr. Prior, was "between going to jail for life or going to jail for the rest of your days."

The Tories had a subtle way of disarming trade union opposition to the "grotesquely misnamed Employment Bill."

"Mrs. Thatcher, Sir Geoffrey Howe and Sir Keith Joseph act as the hard cops. They breathe fire and slaughter against the trade union movement. They and make strikes virtually illegal."

Meanwhile "soft cops" represented by Sir Ian Gilmour, Mr. Norman St. John-Stevas and Mr. Prior asked for co-operation on the grounds that this would make things easier for trade unions.

"We are being put in the dock as the scapegoat for the Government's failure."

# Motorists' dearer insurance

By Eric Short

MORE THAN 1m motorists insured with Guardian Royal Exchange Assurance, the second largest motor insurer in the UK, face a further rise in motor premium rates, only six months after the previous revision.

As from May 1, the company is lifting its premium rates by an average of 12 per cent, having previously increased its rates on November 1, 1979, by an average of 9.75 per cent.

The company is also making changes in its geographical structure. In particular, it is establishing a new rating district covering South West England, except Plymouth and Avon, Wales, except Glamorgan, and East Anglia. Premium rates in this district are only rising by about 5 per cent.

The highest rate increases will affect drivers in the Home Counties, where premiums are being lifted by 14 per cent. GRE has revised its rating in the light of its claims experience in the UK. It has found, in common with other insurance companies, that the number of claims is rising faster in the Home Counties than in country districts.

GRE is also making other changes to its method of rating motorists in charging premiums. In particular, it is removing the extra rating previously charged to drivers in London and the Home Counties who used their cars to commute to and from work.

# Meccano still occupied

THE DOOMED Meccano toy plant on the Edge Hill industrial estate at Liverpool remained occupied by workers at the weekend, despite Thursday's High Court writ for Airfix Industries, the parent company, to regain possession.

The factory has now been occupied for 100 days. About 80 of the original 940 workers stayed in the works with the joint shop stewards committee and Mr. Mike Egan, district officer of the General and Municipal Workers' Union.

They were waiting for the bailiffs to come and execute the order. The workers maintain they will leave peacefully. A picket by about 50 Merseyside trade unionists was lifted yesterday but will be posted again this morning. Airfix has not said how it intends to act.

# Former Govan chairman given Vosper job

Mr. Archie Gilchrist, the dismissed chairman of Govan Shipbuilders, the nationalised shipyard, has been appointed managing director of Vosper Private—the Singapore shipyard belonging to Vosper.

Mr. Gilchrist is to take over from Mr. Robert Du Cane who is returning to Britain in April. Mr. Gilchrist has spent 30 years in shipbuilding and until last December was chairman and chief executive of Govan Shipbuilders in Glasgow.

Vosper's UK shipbuilding activities were nationalised in July 1977 and since then its main operating arm has been its Singapore shipyard which it has been expanding.

# Thatcher will meet Hull ship owners

FREEZER-TRAWLER owners meet Mrs. Margaret Thatcher next week to discuss Hull's future as a fish-landing port. The 88-year-old Hull Fishing Vessel Owners' Association which has gone into liquidation with debts of almost £500,000.

The Humber Freezer-Trawler Owners' Company has been formed to administer crews for the 27 freezer ships at Hull.

It has told British Transport Docks Board that it cannot afford the £52-a-tonne landing charges, and may take its ships elsewhere.

The board is the main creditor of the association, which owes it £460,000 in rent.

# Building and Civil Engineering

## Bos Kalis gets spread of work

ROYAL BOS Kalis Westminster Group NV of Papendrecht, The Netherlands, has started work on £11m worth of dredging contracts in France, French Guyana and Holland.

Sea-going cutter suction dredger Oranje is now slicing her way through 3.5m cubic metres of material in the French port of Cherbourg, says the company. This work, for the Chambre de Commerce, is due for completion in May and the dredging and reclamation project also includes the construction of a 700-metre-long dyke.

In the port of Degrade des Cannes in French Guyana, the 12 km long approach channel is being dredged by the trailing suction dredger Henares for La Direction de L'Equipment de Cayenne.

Being undertaken for the *Waterschap of Zealand Flanders* is work in south-west Holland where 800,000 cubic metres of material is being dredged for the reinforcement of a 4 km long dyke. Placing of 20,000 tons of asphalt is also called for.

The Merseyside-based company, Boskalis Westminster Construction, has recently been awarded £4.3m for work in both *the public and private sectors.*

One project, valued at £1.3m, is for Mersey Regional Health Authority and covers the phase two development of Ellesmere Port Hospital in Cheshire. This includes construction of a geriatric ward, kitchen, dining and stores block and alterations to the existing hospital, as well as roads, car parks, drainage and landscaping.

Leisure centre to be built for the borough of Ellesmere Port and Neston is worth £1.3m also.

*A letter of intent has been* received from the North West Water Authority for £985,000 worth of extensions to its water treatment works at Huntington. To be built in reinforced concrete, *the extensions include* sludge thickeners, recovery tank, rapid gravity filters, super pulsators and associated chambers and pipe-work.

Other work includes a chlorine berth at Runcorn for ICI Mond Division, a post tensioned concrete bund wall at Ince for UKF Fertilisers and a telephone exchange extension at Anfield for the Property Services *Agency.*

## Housing by Leech

A DESIGN-AND-OFFER competition to carry out a £5.6m housing development in the private sector has been won by Leech Homes (Scotland), a division of William Leech.

This will consist of just over 200 homes, ranging from two-bedroomed detached bungalows to four-bedroomed detached villas, all with garage and full central heating.

The competition was organised by Renfrew District Council which placed more than 40 acres of land on the open market for design and offer. This was divided into three sections and Leech Homes' sub*mission gained two of the three* sections available, amounting to about 60 per cent of the total land offered.

It is hoped to have construction work under way later this year with the first completions expected in the early summer of 1981.

## Over £10m awards to Douglas

RECENT AWARDS to R. M. Douglas Construction total £10.5m announces the company, *with the largest project, worth* £7.4m, involving work for the north east primary road for Telford Development Corporation.

Multi-storey car park at Kidderminster for J. Sainsbury is valued at £897,000. Design is by British Slab (associate company within the group) which *will also carry out the con*struction work using the lift slab system.

Work on an advance factory at Rausau Industrial Estate, *Ebbw Vale, for the Welsh* Development Agency is valued at £889,000.

Demolition and rebuilding of industrial premises at Cambridge Avenue, Slough, *for* Slough Estates Design and Construction is worth £398,000.

Finally, alterations to telephone exchange Edinburgh for the Property Services Agency (Department of the Environment) is valued at £329,000.

## Mining in Jordan

IN JOINT venture with A. K. Dababneh of Amman, Costain Mining has won contracts totalling £6.7m for erecting and operating mining equipment *and stripping overburden at El* Hassah, Jordan. Both contracts are with the Jordan Phosphate Mines Company.

Worth about £700,000 one contract is for the erection of a Ransomes & Rapier W2000 walking dragline with a bucket capacity of 30 cubic metres, a boom length of 95 metres and a weight of over 1,700 tonnes.

A second contract, worth over *£6m is for the operation of the* dragline and ancillary mining plant, and the removal of 21m cubic metres of rock overburden to expose prosphate deposits. Work will start in January 1981 for completion in mid-1984.

## Sewerage by Mowlem

TWO CONTRACTS worth together £3.5m have been awarded to John Mowlem by the Lincoln Sewage Division of the Anglian Water Authority.

The larger award is for the provision of a major pumping station at Pyewipe and the headworks for a sea outfall in connection with the reorganisation of the Grimsby sewerage system. This is valued at £3.2m. The works have been designed by the Anglian Water Authority with Sir Frederick Snow and Partners, who are providing the consultant engineering services. Work is *due to start in* late March and anticipated completion date is autumn, 1981.

The second award, worth about £350,000 is to lay a relief sewer 1.25 miles long from North Somercotes, south of Cleethorpes, to a treatment works. Work will start in April and completion is due this winter.

## Crown House contracts

LATEST projects awarded to Crown House Engineering are worth £2.5m and include a £784,000 contract from the Civil Aviation Authority for the maintenance of all mechanical/ *electrical services at Sumburgh* airport which serves the North Sea oil organisations.

Work for Freemans (London, SW9) mail order specialist is worth £640,000 for mechanical services for a warehouse extension at Peterborough.

At Rank Taylor Hobson's new measuring instrument factory in Leicester, a contract for over £300,000 is for all electrical services including a high quality lighting systems.

A £227,000 contract has been *won for electrical installations* at the civic offices Phase 2 at Rotherham Civic Centre and, finally, North East Thames Regional Health Authority has awarded a £523,000 contract for electrical and mechanical work at the London Hospital, Whitechapel.

## £2m awards to Lelliott

SIX refurbishment contracts in London have been won by John Lelliott. Total value is about £2m.

At 13 Grosvenor Crescent, SW1 ceilings are to be restored, a fifth floor formed and a mansard roof constructed at a cost of £573,600. At Stratton House, Stratton Street, W1, work is under way on the third and fourth floors (£540,000) and further work is being undertaken at the Regent Centre Hotel, Carburton Street (£370,000) and the Fitzroy Tavern in Charlotte Street, both in W1.

A £175,000 contract has been started at 50-60 St Mary Axe, EC3 and work has also begun on four five-storey blocks of flats at Heathside Estate, London SE10.

## Pollution control

A CONTRACT worth £2.7m has been awarded to Taylor Woodrow Construction (Northern) by the Yorkshire Water Authority for the rebuilding of the inlet works at the Western Division's Esholt water pollution control works near Bradford.

The project, for which the consulting engineer's are D. Balfour and Sons, calls for the building of a more extensive *inlet on the site of the existing* one while maintaining the normal flow.

Under the terms of the contract, a grit channel, pumping station, trunk sewers and rising mains will be provided. Work begins this month, with completion due in spring 1983.



## Will erect steelwork

STRUCTURAL steelwork for the 65,000 barrels per day fluid catalytic cracking unit at present under construction for the Pembroke Cracking Company in South Wales, is to be erected by Cleveland Bridge and Engineering, a Trafalgar House company.

The contract valued at £485,000 was awarded by Snamprogetti of Basingstoke, Hampshire, main contractor for the engineering and construction of the unit and ancillary facilities.

### IN BRIEF

- Sir M. McDonald and Partners and Hunting Technical Services will combine services in a national review of irrigated agriculture in the central African state of Malawi. Study has been commissioned by the *Malawi Ministry of Agriculture* and Natural Resources with World Bank financial aid.
- Grouting contract worth £190,000 has been won by Soil Mechanics for the first phase of the Lincoln County Hospital development for the Trent Regional Health Authority.

## £2½m awards to Sunley

CONTRACTS WITH a total value of £2.5m have been announced by Bernard Sunley and Sons, and include a £1.6m office refurbishment at Templar House, High Holborn, London. The eight-storey building with a floor area of about 9,000 square metres will be cleaned and redecorated externally. Secondary glazing will be introduced, and the mechanical and electrical services upgraded. Existing partition walls will be removed, suspended ceilings installed, and floor areas decorated to provide open plan office accommodation.

At Richmond, Surrey, the company has started work on a shop and office development for Interland Estates. Demolition of existing buildings at 34-43, The Quadrant is in progress, and piling work on the new structure *will follow. The reinforced con*crete frame three-storey building will be clad externally with anodised aluminium vertical sliding windows and rendered brickwork under the £950,000 contract.

## Putting in the services

BUILDING SERVICE contracts, worth over £2m, have been won by Rosser and Russell (Northern).

They include a £1m contract for all services in the new Customer Products Development Laboratory for the Boots Company of its Beeston complex, near Nottingham. Work has just commenced.

In mid-summer, contracts on the Selby coal field, together worth nearly £1m, will involve provision of services for surface amenity buildings, stores, workshops and garages at two of the sites, Stillingfleet and Riccall, where shaft sinking is already at an advanced stage.

Rosser and Russell (Northern) is also undertaking the design and installation of services for the 45-bed extension *at St. Gemma's Hospice, Leeds,* run by the Sisters of the Cross and Passion. This contract is worth £150,000.

## London office block

IN ASSOCIATION with Cruden Developments, Ossory Road Estates has awarded a £1.6m contract to Sir Robert McAlpine and Sons for the building of an office block in Bishopsgate London adjacent to Liverpool Street station.

The five-storey building will be of reinforced concrete frame construction and measure 30 metres by 14 metres on plan. Fully air-conditioned and served by two lifts the structure will offer 2,700 square metres of floor space.

Work starts later this month and is programmed for completion in June 1981. Architects are John S. Bonnington Partnership, quantity surveyors are P. A. Fisher and Partners and structural engineers are Leonard and Partners.

## Store and church work

EXPECTED TO be back in operation this summer following a £1m modernisation and refurbishment programme carried out by John Laing Construction is the Woolworth store in *Worcester.*

The company has been working there in the High Street since October, clearing out the building and replacing floors.

Further work continues to reinstate the basement and ground sales floors and the first and second floor stock areas. Modifications and additions are being made internally plus a new elevational treatment to the High Street frontage. Completion is expected in May.

The company has also secured £1m worth in the south of England including a £235,000 *contract to build a church centre* for the Trustees of Oliver Baptist Church in Deptford, and a £700,000 job for the London Borough of Southwark to construct pitched and tiled roofs over existing flat roofs on 96 two-storey houses on the Elizabeth Estate, Walworth, London SE.

## Rail bridge in Zambia

A TEAM of British consultants is to carry out studies for the improvement or replacement of the Kafue bridge in Zambia, a vital link in the country's rail route south through Rhodesia to South Africa.

The Overseas Development Administration has engaged Watermeyer, Legge Piesold and *Uhlmann in association with* Freeman Fox and Partners to undertake the studies, which are to be financed under Britain's programme of technical aid to Zambia.

The aim of the investigation is to help the Zambian Government to decide whether it will be technically and economically feasible to prolong the life of *the existing Kafue rail bridge* by a repair programme, or whether a new rail crossing should be constructed.

Selection of alternative sites for a new bridge will have to be made. The consultants will prepare a preliminary design and general layout indicating the number of spans it is likely to need and materials to be used in its construction.

The studies will involve the team undertaking soil investigations and taking trial borings at the locations of the existing and new bridge sites.

LOMBARD

# A new exchange rate rule book

BY SAMUEL BRITTAN

ONE WOULD expect that reports that the U.S. Administration was taking serious action against inflation would be greeted with joy by foreign central bankers and governments. *For years they have* been lecturing the Americans about the weakness of the dollar and the need to put their house in order.

Now, however, that the dollar has been rising in anticipation of such action, the European and Japanese authorities are once more *intervening merrily*—this time to support their own currencies and slow down the rise in the dollar. There seems to be an itch to intervene whatever the foreign exchange market does.

## Second best

Does this criticism mean that central banks should never *intervene?* It is well known that foreign exchange rates, like other market clearing prices, tend to overshoot and undershoot around their underlying trends.

It is also well known that *stabilising speculators*, who buy when a currency is below its trend and sell when the currency is above, can make profits. There is no objection *in principle to central banks* trying to behave in the same way—except that their officials do not bear the personal consequences of their successes and mistakes.

Nevertheless, in place of the utopian rule of completely clean floating, *I would suggest as a* second best that central bank intervention should be guided by the profitability test. Central banks should be expected to make a profit on their foreign exchange operations, and the results should be published as a separate item in annual reports. Central banks which make losses or inadequate profits should then get out of the game. Ideally the pay of the officials concerned should be *geared to foreign exchange* profits and losses, just as the pay of governors and chief cashiers should be geared to the fulfilment of money supply objectives.

This formula does not solve all problems. The measure of *profitability* in a world of fluctuating currencies and inflation rates raises problems of the currency *in which the profit* should be measured. But the debate should centre around the profitability rules rather than the unanswerable question of whether a currency is at its "right level."

Central bankers could use any *economic models they* liked — purchasing power parity, money supply comparisons, current account balances, OPEC movements or anything else—but their test would be their market success.

The period in which central banks should expect to make foreign exchange profits should probably be a year. This is in *line with normal* commercial practice. It would also mean that the disturbing effects on *the domestic money supply* would cancel out before harm was done.

On rare occasions a loss in one year might be balanced by a profit in another, just as a monetary overshoot might be balanced by a later undershoot—but this should be extremely rare.

## Fluctuation

The Brussels Commission claims that EMS currencies showed an average fluctuation *of only 1.9 per cent against the* ECU basket in 1980, the first year of the scheme, compared with 5.7 per cent *in the six* preceding years.

It is well known that a Bretton Woods type system of fixed but adjustable rates can provide, while it lasts, short-term stability at the price of much bigger disturbance when *changes have to be made.*

Under a profit-maximising rule, central bankers would be free to stabilise to the maximum extent feasible without the EMS.

The rule would be a far better guide for a petro-currency like sterling than joining the EMS at an exchange rate which would be guaranteed *(a) to be wrong and (b)* to upset domestic money supply policy either in an inflationary or a deflationary direction.

# Wide gap separates UK-EEC legal systems

WHEN Parliament enacted the European Communities Act, 1972, taking Britain legally into the Common Market, it enjoined on our courts to interpret the meaning and effect of the Rome *Treaty and any Community* instruments in accordance with principles laid down by any decision of the European Court. In short, British judges were to *follow the European pattern* of statutory interpretation.

If this meant (as it did) that the traditional British approach to legislation was, in the case of Community law, to be abandoned in favour of the Continental attitude, there is evidence *that the two systems may still* not be seeing eye to eye.

The evidence for this divergence in approach comes not merely from reluctance of *British judges to refer questions* of interpretation to the European Court and instead to interpret the Community law points themselves, not always with complete understanding of the relevant EEC provisions.

In *Camera Care Ltd. v. EC Commission** the British Advocate-General, Mr. Jean-Pierre Warner, differed fundamentally from the European Court over the precise powers of the Commission to take decisions over infringements of Articles 85 and 86, making restrictive practices illegal. The case is an object-lesson in how much still needs to be done to *harmonise the two legal systems.*

The Treaty establishing the European Communities is strikingly dissimilar from any modern Act of Parliament. Our statutes are *drafted with* an eye to exactness; the draftsman attempts to foresee all possible circumstances and to prescribe for them. Style and simplicity are *sacrificed* for precision.

The aim is to indicate by language, often elaborate and sometimes tortuous—what Lord Simon of Glaisdale once called *"rubbery and elusive"*—what Parliament intended by its legislation. The judges take their cue by interpreting the statute by reference to the words actually used. They give the words their natural and ordinary meaning and do not *fill any gap that may* inadvertently have been left. To do so would be, what Lord Simonds said 30 years ago, a "naked usurpation of the legislative function." Parliament alone can fill gaps in its own legislation.

The Rome Treaty is, by contrast, striking for the imprecision of its language. It lays down the principles in general words, and one looks in vain for a provision that defines the terms used.

Purpose and intent—the teleological approach—*is* the key to the European method of interpreting Community law. If there is a gap, the courts must fill it as best they can. They do so by asking themselves the question: "What would the framers of the particular law *have done if they had thought* about it?"

In the Camera Care case, a company engaged in Belfast in the repair, hire and sale of *professional photographic* equipment complained to the Commission about a Swedish company, Victor Hasselbad *A/B*, and its subsidiary in England withholding supplies of cameras and photographic equipment.

According to Camera Care Articles 85 and 86 were being infringed in several ways. Hasselbad products were withheld from Camera Care directly, and other traders were being prevented from making indirect supplies. This was done with the object of maintaining a fixed price-structure and of preventing or determining price *competition at the retail* level.

The Commission was asked to open an investigation under *Article 3 of Council Regulation* 17 implementing Articles 85 and 86. In its application, Camera Care also asked the Commission to make an interim decision requiring Hasselbad to end its restrictive practices and to restore supplies. The crucial question was "Did the Commission have the power to take *interim* measures?"

*Article 3* of Regulation 17 is in these terms:

"1. Where the Commission . . . *finds that there is infringement* of Article 85 or Article 86 of the Treaty, it may by decision require the undertakings or associations of undertakings concerned to bring such infringement to an end. . . . 3. . . . the Com*mission may, before taking* a decision under paragraph 1, address to the undertakings or associations of undertakings concerned recommendations for termination of the infringement."

That no power to order interim measures was expressly conferred on the Commission is manifest. What the Commission suggested *was that* the power had to be implied.

## THE WEEK IN THE COURTS

BY JUSTINIAN

Advocate-General Warner thought that there could be no implication from the Treaty itself *or* from Article 3 of Regulation 17. He thought that there was a clear distinction *made between what the Commis*sion could do once it had made a finding of infringement and what it might do before it had reached that stage. Article 3 was inconsistent with the Commission having power, before it had issued a decision based on a finding of infringement, to go further than to address recommendations to the undertakings concerned.

He concluded that, far from there being an implication of *such* a power, *the implication* was that the authors of the Regulation had no intention of conferring such a power on the Commission. However, desirable that the Commission should have such a power, "those arguments should be addressed to the Council, not to this Court." And, with a familiar ring in English legal ears, Advocate-General Warner *declared that "this* Court exists to say what the law is, not what it ought to be."

The Court, not for the first time, disagreed fundamentally *with its* British Advocate-General. Recognising the absence of any express power, but proceeding on the basis of the purpose and intent of the Regulation, the court noted that it was obvious that in certain circumstances there would be a need *to adopt* protective measures when the restrictive practice under scrutiny had the effect of injuring the interests of member-*States, causing* damage to other undertakings, or of unacceptably jeopardising the competition policy of the Community.

In such circumstances it was imperative to ensure that, while inquiries were under way, no irreparable damage was caused, such as could not be remedied by any decision that might be taken at the *conclusion of the administrative* procedure. Could then, the provisions of Regulation 17 accommodate this legal requirement? The Court thought they could.

The object of addressing recommendations for termina*tion of an infringement* in Article 3(3) was to enable the Commission to inform the *undertakings of its provisional* view, in order to persuade them to desist from their restrictive practices, without resorting immediately to enforcement. It could not be construed as a limitation on the practical ways of exercising the power to make decisions.

By implication the Commis*sion was empowered to* take interim measures indispensable *to the effective exercise of its* functions and to ensuring the effectiveness of any ultimate decisions it might take requiring undertakings to terminate *their restrictive practices.*

But interim powers should be exercised only in cases proved to be urgent in order to avoid a situation likely to cause *serious and irreparable* damage to the complainant, or which was intolerable for the public interest. Interim measures should be of a temporary and conservatory nature, restricted to what was absolutely necessary in the *given situation. And they must* be accompanied by the normal procedural safeguards susceptible of challenge before the European Court.

Would any court in this country have followed the line of the European Court, or would *it have endorsed the familiar* approach of the Advocate-General? The fact that this poses an imponderable answer serves to prove the gulf that still exists seven years after our entry into the Common Market.

**[1980] 1 C.M.L.R. 334.*

# Prayukta surprises backers

## RACING

BY DOMINIC WIGAN

FRED WINTER achieved his fourth William Hill Imperial Cup triumph when Prayukta *scored at 14-1 in Saturday's 16*-runner renewal of the Sandown race which has been sponsored *by the bookmaking company* since 1963.

Prayukta, following those other Winter winners Royal Sanction (1966), Lanzerote (1973) and Acquaint (1977), surprised his trainer and most backers.

The Prince Regent gelding—*who gave Pride Of Tennessee* 22 lbs and a three-quaters-of-a-length beating in the Doug Barrott Handicap Hurdle at Esher at November's end and who then ran prominently in Ascot's SGB Hire Shop Hurdle—*was a bitter disappointment* in the Lanzerote Hurdle at Kempton, before the Imperial *Cup*.

In view of his Lanzerote performance it was hardly surprising he went to post a 14—1 chance.

*However, in retrospect, the* return to ground with much cut in it may well have caused such a marked improvement on that Kempton form. Whereas his fine efforts here and at Ascot earlier in the season both came when there had been some rain, the Prince Regent gelding was racing on a firm surface at Kempton.

*Piute was in demand with* several champion hurdle ante post backers during the weekend and the 33-1 *available on* him on Saturday may well not be on offer when this morning's newspapers come out.

*This afternoon at Ayr, the* Irish-trained Rare Times could well be the best bet of the day in the Slaphouse Novices Hurdle. Brian Lusk's seven-year-old recently ran *Political* Pop to 2½ lengths at level weights in a novices hurdle at Doncaster.

**AYR**

2.15—Barretstown Boy
2.45—Rare Times***
3.15—Blue Chrome**
3.45—Nabat
4.15—Light Sprite
4.45—Cape Felix*
5.15—My Uncle Sam

# TV Radio

† Indicates programme in black and white

## BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Heyyy, It's the King. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 A Question of Sport.
7.20 Blake's Seven.
8.10 Panorama finds out what life would be like after a nuclear attack.
9.00 News.
9.25 The Monday Film: "Fuzz" starring Burt Reynolds and Raquel Welch.
10.55 Film 80.
11.25 *Education Matters.*
11.50 Weather/Regional News.

All Regions as BBC1 except as *follows:*

Wales—1.45-2.00 pm Pili Pala. 4.40-5.05 Isla and the Farm on the Hill. 5.55-6.20 Wales Today. 6.50-7.20 Heddiw. 11.50 News and Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.15 pm It's a Great Life. 12.40-12.45 The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look *East (Norwich); Look North* (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); *Points West (Bristol); South Today* (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 am Open University.
10.05 It Figures.
10.30 The Handicapped Family.
11.00 Play School (as BBC1 3.55 pm).
2.15 pm Let's Go.
2.30 Roads to Conflict.
3.00 That's the Way the Money Goes.
3.30 Delia Smith's Cookery Course.
4.00 Modern Language Teaching.
4.50 Open University.
†5.40 Flash Gordon.
6.00 James Burke's Connections.
6.50 Training Dogs the Wood*house Way.*
7.15 Mid-Evening News including sub-titles.
7.30 *Rock Goes to College.*
8.15 Marti Caine.
9.00 Yes Minister.
9.30 *Horizon.*
10.20 Russian—Language and People.
10.45 *Newsnight.*
11.30 Arena.
12.05 Closedown.

## LONDON

9.30 am Schools Programmes. 12.00 We'll Tell You a Story. 12.10 pm Rainbow. 12.30 Numbers at Work. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 Food, Wine and Friends. 2.30 Monday Matinee: "Bachelor of Hearts." 4.15 Clapperboard. 4.45 Jukes of Piccadilly. 5.15 Money-Go-Round.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Kenny Everett Video Show.
7.30 Coronation Street.
8.00 Rushton's Illustrated.
8.30 World in Action.
9.00 Fox.
10.00 News.
10.30 Monday Film: "The Mercenaries" starring Rod Taylor and Kenneth More.
12.20 am Close: Personal choice with Anna Ford.

All Regions as London except at the following times:

### ANGLIA

1.25 pm Anglia News. 2.00 Monday Film Matinee: "Breakout." 3.45 Food, *Wine and Friends.* 5.15 *University* Challenge. 6.00 About Anglia. 10.30 Cross Question. 11.00 The New Avengers. 12.00 A Big Country. 12.30 am Reflection.

### ATV

1.20 pm ATV *Newsdesk.* 2.00 Rendezvous with Romance: "Affair in Trinidad" starring Rita Hayworth and Glenn Ford. 3.45 Food, Wine and Friends. 5.15 The Television Programme. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 ATV Newsdesk. 11.05 Boxing. 11.55 Divorce and Alter. 12.25 am Something Different.

### BORDER

*1.20 pm Border News.* 2.30 *Monday* Matinee: "Ring of Fire" starring David Janssen. 5.15 University Challenge. 6.00 Lookaround Monday. 6.15 Collecting with Curtis. 10.30 Scottish Labour Party Conference. 11.30 Michel Legrand and Friends. 12.30 am Border News *Summary.*

### CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. †2.00 The Monday Matinee: "My Teenage Daughter." 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 Channel News. 6.10 Spiderman. 10.28 Channel Late News. 10.36 The Pardoe Programme. 11.05 Fantasy *Island.* *12.00 News and weather in* French.

### GRAMPIAN

*9.25 am First Thing.* *1.20 pm North* News Headlines. 2.30 Monday Matinee: "Blithe Spirit" starring Rex Harrison, Constance Cummings and *Kay Hammond.* *5.15 Wild, Wild World* of Animals. 6.00 North Tonight and area weather *forecast.* 10.30 Conference Report—Labour Party (Scottish Council). 11.30 Reflections. 11.35 The New Avengers. 12.30 am North Late Night Headlines.

### GRANADA

1.20 pm Granada Reports. 2.00 Monday Matinee: "Just Like A Woman." 3.45 Food, Wine and Friends. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Selwyn. 10.30 *Reports Politics.* *11.00 Mystery and* Imagination—David Hemmings and Gayle Hunnicut in "Voices."

### HTV

1.20 pm Report West Headlines. 2.00 Here Today. †2.30 The Monday *Matinee: "Rattle of a Simple Man."* 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 10.35 Food, Wine and Friends. 11.05 Soap. 11.35 The *Mackenzie Affair.*

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.05-10.20 am About Wales. 12.00-12.10 pm Treheuau. 1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ser. 6.00 Y Dydd. *6.30-7.00 Report Wales.* 8.30-9.00 Yr Wythnos.

### SCOTTISH

1.20 pm News and road and weather. 2.00 Monday Matinee: "House of Secrets" starring Michael Craig and Brenda de Banzie. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.45 Crimedesk. 10.30 Conference Report. 11.30 Late Call. 11.35 Have Girls Will Travel.

### SOUTHERN

*1.20 pm Southern News.* 2.30 "Trial Run." 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 10.30 Southern News Extra. 10.35 Music in Camera. 11.20 Barney Miller. 11.50 Inside Business.

### TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. †2.30 Monday Matinee: "The Angry Silence." 5.15 Mork and Mindy. 6.00 North East News Headlines. 6.02 *Crossroads.* *6.25 Northern Life.* 10.30 Northern Report. 11.00 North East News Headlines. 11.05 Monday Movie: "Gumshoe" starring Albert Finney and Billie Whitelaw. 12.30 am Epilogue.

### ULSTER

1.20 pm Lunchtime. 2.00 Monday Matinee: "The Girl in the Headlines" starring Ian Hendry. 3.45 Food, Wine and Friends. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster weather. 10.30 The Irish Factor. 11.00 The Odd Couple. 11.30 Gardening Today. 11.55 Bedtime.

### WESTWARD

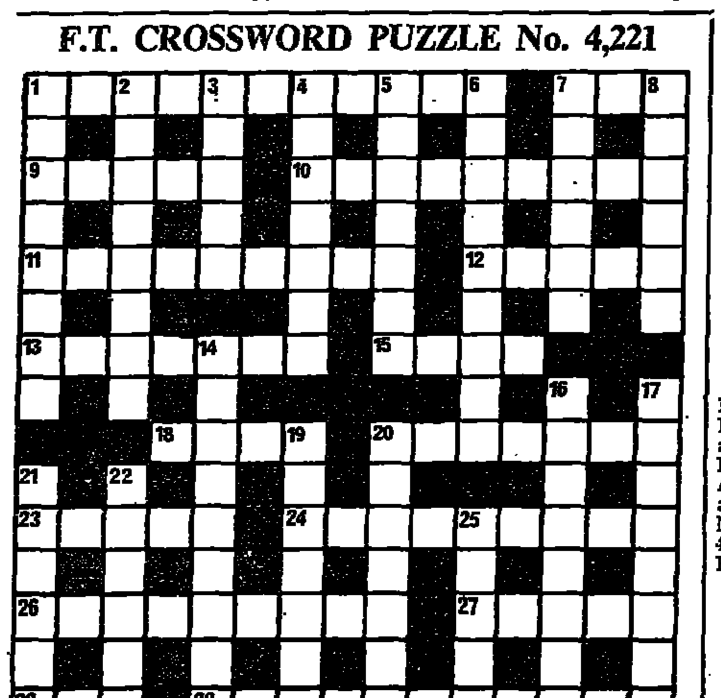
1.20 pm Westward News Headlines. †2.00 The Monday Matinee: "My Teenage Daughter" starring Anna Neagle. 3.42 Gus Honeybun's Birthdays. 3.45 *Food, Wine and Friends.* *5.15 University* Challenge. 6.00 Westward Diary. 10.32 Westward Late News. 10.38 The Pardoe Programme. 11.05 Fantasy Island. 12.00 Faith for Life. 12.05 am West Country weather and shipping forecast.

### YORKSHIRE

1.20 pm Calendar News. †2.00 Monday Matinee: "Girl in the Headlines" *starring Ian Hendry.* *3.40 Cartoon* Time. 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Country Calendar. 11.00 Police Story.

(S) Stereophonic broadcast
‡Medium wave

## F.T. CROSSWORD PUZZLE No. 4,221



**ACROSS**

1 Standing passenger returns *parts to wood on hillside* (5-6)
7 and 28 provide drink and work steadily (6)
9 Cleric with beer around is *muddled* (5)
10 I take direction with soldier but it's abnormal (9)
11 Where one *walks* to work but gets nowhere (9)
12 Pierce first of cans in channel (5)
13 Soldiers turn north-east and *attempt part of astronauts'* performance (2-5)
15 Voice in vocal tones (4)
18 Govern and draw the line (4)
20 Operator needing *great wave* on (7)
23 Large candle in church at back of *hill* (5)
24 Secures offal with suitable material (3-6)
26 Clergyman dined in his office (9)
27 *Open to view partly over* there (5)
28 See 7 across
29 One who names or named it no hybrid (11)

**DOWN**

1 Begin with tea-maker for *principle performer* (4-4)
2 Buy back with a word of hesitation from saviour (8)
3 Entreat for soft guidance (5)
4 Nimbleness to change it gaily (7)
5 Leave brook to an ape (7)
6 List gun put up by controller (9)
7 Listen, it could possibly be quiet (6)
8 Money-bag right for ship's officer (6)
14 Action of the superstitious to make kindling (9)
16 Coin sent round as deposit (8)
17 Star once produced by forbear (8)
19 Account for without even following (7)
20 Light shaft for motor-car (7)
21 Come forward to increase the rate of production (4, 2)
22 Brazen-faced club? (6)
25 Sharp hard part of plant though briefly put to sailors (5)

*The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.*

## RADIO 1

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Stayin' Alive. 8.00 Mike Read. 9.50 Newsbeat. 10.00 *John Peel (S).* 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought and 9.03 Favourite Five Singles. 10.03 Jimmy Young (S). *12.03 pm David Hamilton (S).* 2.03 Steve Jones Request Show (S). 4.03 Much More Music (S). 5.00 News. *5.05 Waggoners' Walk.* 5.20 Much More Music (S). 6.03 Derek Hobson (S). 8.02 The Organist Entertains (S). 8.30 Folk 80 (S). 9.02 Humphrey Lyttelton with the Best of Jazz on records (S). 9.55 Sports Desk. 10.02 The Monday Movie Quiz. 10.30 Star *Sound.* *11.02 Brian Matthew with* Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

## RADIO 3

*‡6.55 am Weather.* *7.00 News.* 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 *This Week's Composers:* At The Court of Gustav III, Sweden's "Roi Soleil" 1771-1792 (S). 9.45 Now and Then (S). 10.50 The Bach Family (S). 11.45 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.10 St David's Music Week (S). 2.50 Matinee Musicale (S). 3.50 New Records (S). 4.55 News. *5.00 Mainly for Pleasure (S) (‡ and* mono only from 6.20). 7.00 "Die Soldaten," opera by Bernd Alois Zimmermann, Act 1 (S). 8.15 The Rise and Fall of the Publisher (talk by Archie Turnbull). 8.35 "Die Soldaten" Acts 3 and 4 (S). 9.45 The Vision of Piers the Ploughman (S). 10.15 Ireland, Grieg and Debussy piano recital (S). 10.50 Collegium Aureum (S). 11.25 *Jazz in Britain (S).* *11.55-12.00 News.*

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

## RADIO 4

6.00 am News Briefing. 6.10 Farming *Week.* *6.25 Shipping forecast.* 6.30 Today including 6.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Patrick Moore with the BBC Sound Archives. 9.00 News. 9.05 Start the *Week with Richard Baker.* *10.00 News.* 10.05 Money Box. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Who Am I? I Need To Know (an adopted girl's search to find her natural parents). 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. *12.27* Brain of Britain 1980 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 *Shipping forecast.* *2.00 News.* 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.45 Short Story. 5.00 *PM:* news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Frank Muir Goes Into . . . (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday *Play* (S). 9.00 Three Women Gardeners. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 *The News Quiz (S).* 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Ideal Home Showcase from the *Exhibition.* *4.30 London News Desk.* 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

## London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show with George Tremlett, *GLC Housing Chairman.* *12.00 LBC* Reports. 8.00 pm After Eight Special: "What is an Ideal Home." 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Tara Jefferies—Night Extra. 5.00 Morning Music.

## *Capital Radio*

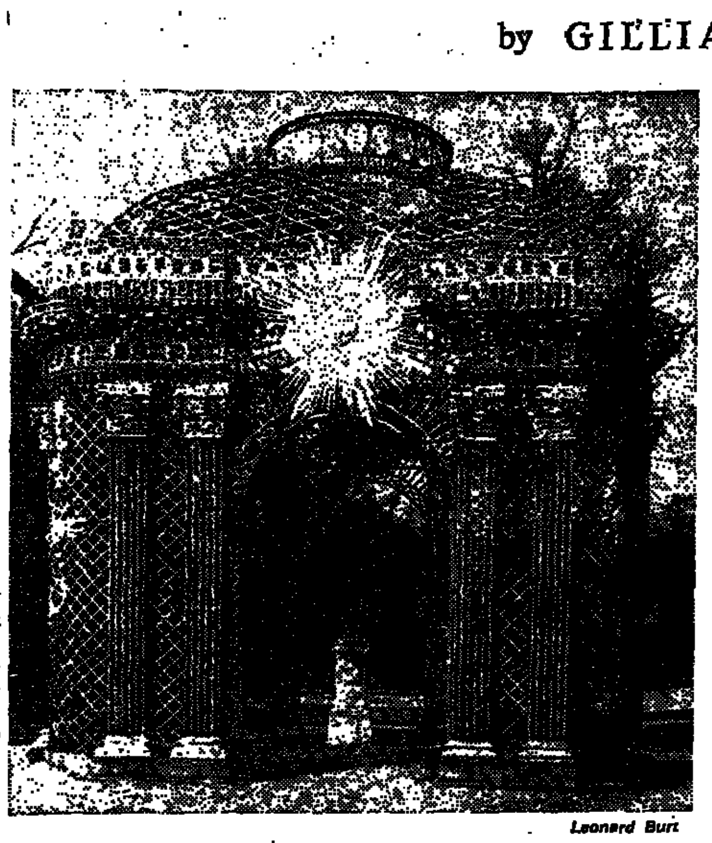
6.00 am Breakfast Show with Mike Smith (S). 9.00 Michael Aspel (S). *12.00 Dave Cash (S).* *3.00 pm Roger* Scott (S). 7.00 London Today (S). 7.30 Open Line with Bryan Wolfe (S). 9.00 Alan ("Fluff") Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

# THE ARTS

**Park Sanssouci, Potsdam**

## Frederick the Great's pleasure garden

by GILLIAN DARLEY



Leonard Burt

Trellis pavilion next to Sanssouci Palace

If things were otherwise, the western outskirts of Berlin and the romantic landscape of Glienicke would merge gently into the vicinity of Potsdam. There would be, as there once was, a nice continuity since the picturesque landscaping and associated classical buildings by Schinkel and his pupil Persius at Glienicke are repeated as one of the many elements within the park at Sanssouci, in Potsdam.

However, these days the route between the two is far more circuitous and memory has to perform what the eyes did in the past. *A visit to Sanssouci is* an astonishing experience; mingled within a single area are the principal strands of gardening and landscape fashion from the mid-18th century to mid-19th century—co-evisting and remarkably intact. In fact, Michael Ellison, a leading landscape architect who visited the park recently, found the retention of the different *characteristics* and the *skill* of replanting which has been undertaken consistently, quite remarkable. Sanssouci in both its buildings and landscape allows the two threads of romanticism and classicism to *wind together and separate to* demonstrate the possibilities of a counterpoint between formality and flourish, between strictness and asymmetry.

Frederick the Great's rococo summer palace was the first building in the park, inaugurated in 1747. It was built on the highest terrace of a vineyard, each tier of which was then glazed to offer protection *and to hasten the ripening of* the grapes (Sanssouci was for summers only and the vines had to obey royal schedules). These six glinting terraces still exist, though the frames are in need of repair. The vineyard is a strongly formal feature with the rococo swings of the little palace above it in complete contrast.

Formality is also introduced with the key feature of the park as a whole, the 2,000 yard central axis which bisects the "jardin anglais" and leads from below the vineyard to the New Palace, the one *false* note at Sanssouci, an overwhelming, bombastic building which, predictably, was the Kaiser's *particular delight*.

In 1914 Patrick Abercrombie published a couple of fascinating articles on Potsdam in the *Architectural Review*. The photographs show a profusion of knots on the parterre as well *as an overall elaboration* of the formal elements, in line with late 19th century taste. Even more interesting, however, were Abercrombie's remarks about the place, "the unbroken favourite home of the Kings of Prussia," *where the pastoral in*formality meant that "the Kaiser could occasionally be found woodcutting in the park." The second article was *published* in July; a concluding one was promised. It never appeared.

*Certainly* the Prussian monarchy seems to have been deeply imbued with the spirit of the place. Frederick the Great became a virtual recluse there after the Seven Years War. He *seems* to have had considerable personal influence on the evolution of the landscape, working closely with Knobelsdorf. It has been suggested that Frederick's manipulation of landscape was a metaphor for the complexity and sophistication of his territorial ambitions. If so, the works initiated by Crown Prince Frederick William (later Frederick IV) show different aspirations. His improvements, *aided by Peter Lenné, Director* of Potsdam gardens, produced a landscape which in *its* grassy sweeps, its subtle planting of trees (often evergreen around Schinkel's ochre-coloured buildings) and the sudden change of pace *immediately around* the houses to sunken lawns and vine-laden pergolas, are the essence of early 19th-century *romantic classicism*.

Water is an informal element: perhaps fortunately, since the elaborate management of water in the earlier days had been a considerable failure. Reservoirs are hidden around the grounds, including one masked by false ruins dramatically surmounting a rise at the end of a massive vista. Some of the garden *buildings* are revealed in such a way; others are masked until the last moment. The Chinese Teahouse, a wonderful gilded nonsense with a fat mandarin perched on the roof, is now hidden in a *wilderness (or jardin anglais)* though engravings *show* it originally in a knot garden, a *far cry* from the present picturesque setting. Originally there were also metal pagodas on the roof, turning in the wind.

**Washington theatre**

## West Side Story by FRANK LIPSIUS

If *West Side Story* had been written today, the Latin part of the score would probably have more bongos than castanets and the public spaces would look even more desolate with graffiti scrawled on the walls. Otherwise, the love affair between Tony and Maria, tragically conceived in the midst of racial gang warfare, is as contemporary to us as it was when *originally produced* a quarter of a century ago in 1956.

In a period so full of revivals, *one becomes* easily spoiled by the uniform high quality of the book and music. Here is no exception: love and its tragic consequences have *not* been better expressed than in Leonard Bernstein's music and Stephen Sondheim's lyrics. But it is Jerome Robbins's choreography that brings the show alive with beautifully *conceived metaphors for violence* and menace. Robbins anticipated, if indeed he did not inspire, a generation that works its aggressions out on a dance floor, just as occurs in the school gym where Tony and Maria meet against the background of two gangs facing off against each other on prom night.

The choreography *transmutes* the ugliness of hatred into a twisted but somehow magnificently expressive self-assertion, and so reconciles the anomaly of a big, brassy and expensive musical being about the ghetto *and* teenage violence. Oliver Smith's sets manage to reconcile the same elements. The main set dwarfs the people with high fences and a high, *dark* wall that hides the beautiful blue sky behind. Intimate scenes take place in the corners of the stage on small sets that roll in and out again, a workable substitute for camera close-ups *in film*.

All the actors strenuously dance, act and sing, but Arthur Laurents's intelligent and laud*able book focuses* more on group psychology than individual idiosyncrasises. Only Debbie Allen as the loudmouthed but wise Anita has a chance to step outside the stereotyping to take a look at the predicament of poverty in the supposed land of plenty.

With two plush theatres and an opera house (where *West Side Story* is playing), Washington's Kennedy Centre make a large cultural, if not architectural, contribution to the shores of the Potomac. Run since its inception by Roger L. *Stevens, the centre* has been the source of a large number of Broadway productions, including the works of Pinter, Ayckbourn and Stoppard. Having the centre as a tryout house, as it is currently for *West Side Story*, has no doubt strengthened Stevens's hand as a Broadway producer but only recently have questions been raised about the Kennedy's Centre's balance of public and private interests. Stevens blames the controversy on Neil Simon's sour grapes at *having been refused a place for* one of his recent plays, and though an informal inquiry was held recently in the American Senate, Stevens says it was the work of junior senators who now regret ever having got involved. *As for* the threat to future British imports, Stevens claims as long as he finds good plays, he will have a place to produce them, and Washingtonians seem generally grateful for the close ties to New York that Stevens brings them.

A big hit at the Kennedy Centre now is a refugee from an unwelcome reception and hasty departure from New York. *The Art of Dining*, which originally appeared at Joseph Papp's Public Theatre, tells the elaborately concocted and overcooked tale of a modern couple who turn their front room into a restaurant.

The play takes place over the course of an evening's traumas with the wife in the kitchen and the husband (who abandoned a legal career for this!) obnoxiously pushing the wine and calling the female customers, "madame." If their Golden Carousel Restaurant doesn't fill up and get $33 per *head* per meal, they go out of business, making this just kind of genteel icing on high-pressured salesmanship that is calculated to make one lose his appetite.

The playwright, Tina Howe, *had all the ingredients to skewer* such an establishment, but instead the audience is made to sympathise with the modern couple trying their best to make an appealing cash souffle. David Jenkins's set captures the ersatz elegance of such places with their fake Tiffany lamps and potted plants.

Maria Aitken

**Greenwich**

## Private Lives

by B. A. YOUNG

What an old period piece it is! "I hope I don't get sunburnt." "We'll be in a hell of a mess socially." And half the dialogue sounds as if it came from the Oxford Book of Quotations. *Really, Coward has become as* independent of his time as Congreve or Wycherley.

*Peter Rice's designs, concrete* and stained glass for the smart Deauville hotel, a vast, cold, half-furnished sitting-room in the Paris flat, don't do much to suggest the lives of the rich in the 1920s. All is left to the four players, and among them *only* one, Maria Aitken as Amanda, really glows with the right feeling of *beau monde* indifference. She can *sail* round the room with the grace of a racing dinghy, dishing out social kidney-punches as *she* goes, while the other three still seem yoked to their villas in the stockbroker belt.

As Elyot, Michael Jayston gives only a portrait in black and white. There are overtones *in his lines that he doesn't give* us, so he deprives us of some of the laughs we need. For the play depends almost entirely on the dialogue; the plot is as unenterprising as the plot of *Look Back in Anger*, another play *with the same characteristic*. In the first scene, where Elyot exchanges chat with his new wife Sibyl, it is hard to see what there was in him to have lured the sweet virginal girl that Jenny Quayle gives us into her passion for him. Cold, he seemed to me, and uninspiring.

Ian Collier fills up the fourth side of the square nicely as Victor Prynne, for Victor is drawn as a contrast to the idle rich. (I wonder what he did for a living?) Mr. Collier is never dull. Indeed he's in a jam, for compared with Elyot he should be dull, yet Elyot, I can't con*ceal, is a dull man in this pro*duction, and Victor is constantly the more interesting of the two.

Well, it takes more than all this to make *Private Lives* anything but an entertaining evening, and this production under *Alan Strachan is that all right.*

**Elizabeth Hall**

## Thomas McIntosh

by DOMINIC GILL

*Thomas McIntosh was born in* Washington DC, and now lives in Suffolk; he studied at the Juilliard School with Edward Steuermann; he is, apparently, "first prize winner in the Inter*national Kranichstein Competi*tion, Darmstadt, Germany"; and he is also, on the evidence of the first half of his recital on Thursday, quite the worst pianist I have heard play in public for years.

Mr. McIntosh confesses in his own programme-note to having let the score of Beethoven's sonata op.13 lie since his youth "unopened on my shelves." He might have been worse advised than to let it lie longer—since for sheer clumsiness his performance would be hard to rival: crude, bumpy and inaccurate, lumpen in movement, harsh and dull in tone.

For one so evidently overstretched by the demands of Beethoven's op.13, his decision to offer next the whole of Liszt's Italian *Année de Pèlerinage was an almost mesmerising act* of courage. But enough: with a Petrarch Sonnet 104 and a Dante Sonata like this—in spite of the fact that one can never actually play out of tune on a piano—Mr. McIntosh could lay claim to the title of Florence Foster Jenkins of the keyboard.

**Festival Hall**

## Beethoven's Missa Solemnis

by DAVID MURRAY

The rareness of performances of Beethoven's great Mass in D *is* no guarantee that when it *is* performed, full justice will be done to it. All praise, then, to Lorin Maazel, who conducted it with the Philharmonia Orchestra and Chorus on Thursday in the Festival Hall, contriving all at once to honour Beethoven, to *assist* the Beethoven Fund for Deaf Children and to celebrate his own 50th birthday. The music was prefaced by Beethoven's "Heiligenstadt testament," an distinguished document concerning his catastrophic deafness, read by Peter Ustinov with perceptive tact—he captured both the note of despair and the undertone of prickly defensiveness.

On a far grander scale, Maazel's insights into the Missa Solemnis were as exact. With the Philharmonia Chorus in *splendid* form, and without loading extra instruments into Beethoven's orchestra, he led a performance that was monumentally broad but *not* ponderous, steadily compelling without haste. Contrasts were very sharply drawn, and on a majestic scale. In the interests of the large plan, no quarter was given at the most difficult junctures (the solo singers were taxed by the end of the "Quoniam")—but the character of the work requires just such sternness, and the suggestion of heroic efforts reinforced its power.

Maazel's soloists were well matched, if not impeccably *secure at all points*. *Annabelle* Bernard's operatic brightness was dramatic, and there was a fine, ringing urgency in all Kenneth Riegel's declamation. Elizabeth Connell offered the steadiest line; the focus of Marius Rintzler's bass sharpened as the work progressed, and his penitential solo in the "Agnus Dei" was *especially* telling. The solo violin in the "Benedictus" was Carl Pini, quietly fervent, very slightly dubious of pitch. The range and depth of the whole work, from shouting exaltation to fear*ful humility*, were rendered magnificently.

**Coliseum**

## La Sylphide

by CLEMENT CRISP

Peter Schaufuss' version of *La Sylphide* for Festival Ballet is a rare balletic event; a staging of an old masterpiece successful in honouring the past, and equally successful in adapting the past to modern theatrical taste. David Walker's decorations are sensitive; Schaufuss has amplified the action by opening musical cuts and restoring material long lost, which he has choreographed *à la manière de* Bournonville with entire skill—the variation for the Sylphide in Act 2, *just after* she has brought James his forest snack of strawberries and spring water, is a delight; the larger scale of the production, demanded by the theatres in which Festival plays, does not distort or bloat the original drama.

The company performances are sincere, well-thought, and have a fine Bournonvillian bounce in the reels. At the production's revival on Friday night the only blemishes were erratic lighting; the need for a set of front wings to supplement designs made for Festival Hall, or else for the action to be con*tained within the limits of the* existing wings: and for James's companions to avoid making exits in which they semaphore urgent nothings to each other.

These quibbles apart, the staging was, as last summer's original performances showed, a triumph for the company, and for the principals of the evening. Eva Evdokimova was again the Sylphide, truly a creature of the air, her arms melting in delight or entreaty, her natural, easy *ballon helping sustain the illu*sion that the sprite floats upward rather than jumps. She manages even better than last season to convey that the Sylphide is forever just beyond James's grasp, physically as well as emotionally, though she possesses him utterly. (Schaufuss' re-creation of a vision scene for James, Effie and the Sylphide in Act 1—which is matched by Pierre Lacotte's introduction of a similar passage from *L'Ombre in his Taglioni reconstruction* for the Paris Opéra—seems a fore-runner of *Le Baiser de la Fée*).

Schaufuss is again the James. Soaring dances, a nervous intensity in showing the young man's crisis of feeling; *a fine edge of* Romantic frenzy to the closing scene, make this an outstanding impersonation. Once again we are privileged to see Niels Bjorn Larsen as Madge, offering a portrait marvellous in its simplicity and economy of means as in its malign enjoyment of causing evil; it should be required study for every British *dance actor*. Margot Clarke *and* Nicholas Johnson are the Effie and Gurn, and excellent at every moment; so too, Andria Hall as a leading sylph. Good ballets make good dancers,

## Ballet in Italy

by FREDA PITT

Throughout January and February, Italian ballet-lovers (and critics) able and willing *to tour the country* were busily scuttling from place to place to catch an unusually large number of performances. No one town hosted more than two events, so mobility was essential.

There *is no doubt of the* increase in popularity of both classical and modern dance in Italy over recent years, but no truly gifted Italian choreographer has yet emerged this century, and there is a disquieting tendency (noticeable in these performances) to build programmes round dancers rather than the works they *interpret*.

Because the opera house companies remain unemployed for so many months in the year, star performers are invariably visitors, whether Italian or foreign. On the one hand, it is *salutary for the local* principals to be offered such challenges and chances to measure their own shortcomings; on the other, it means they are placed in a permanent condition of inferiority.

Not many, for instance, would choose to see Roman dancers in the opera house's slack revival of *Giselle* in preference to *Bolshoy stars Natalia Besmert*nova and Alexander Bogatyriov, though Besmertnova gave a strangely aloof performance in Act 1, and seemed, paradoxically enough, to come to life only in Act 2, after Giselle's death. While not in the very front rank, Bogatyriov's Albrecht was admirable. Tall, slim and handsome, he had an appro*priately noble bearing; he* seemed an excellent partner, and his Act 2 solo was impeccably danced, without any showiness. Of the local dancers, it is possible to praise only Cristina Latini, a dignified Myrtha, and Ivano Truglia and Luigi Martelletta for their spirited contribution to an otherwise flaccid and confused Act 1 *pas de huit*.

*Despite its shortcomings*, the Scala still has the best corps de ballet in Italy. In January they appeared in a revival of Rudolf Nureyev's production of *The Nutcracker*. Nureyev had no part in the re-staging but came to dance his familiar double rôle at most of the performances, first with Anna Razzi and then with bewitching Evelyne Desutter (from Roland Petit's *Ballets de Marseille*).

An Italian visitor who took on a highly ambitious programme was Elisabetta Terabust, who needed three partners to support her in a taxing recital at the Teatro Comunale in *Modena*. *Patrice Bart*, *Jay* Jolley and Dudley von Loggenburg alternated at her side in excerpts from the Festival Ballet repertory, ranging from *La Sylphide* to *Greening*. Balanchine's Tchaikovsky Pas de Deux, *complete in itself*, was the best chosen and best danced offering. This programme was produced by Barry Moreland, who had previously rehearsed Terabust with von Loggenburg and Yuri Vamos in his *Summer Solstice*, which formed the rather lightweight centre-piece of the one ballet programme at the Teatro *Comunale in Bologna*.

In the Emilia-Romagna region, visiting companies usually hail from the USSR or Eastern Europe. The latest (which I saw at Ravenna) is the group of young dancers *from various Soviet towns and* schools gathered together under the label "Academic Ballet of Moscow," directed by Natalia Kasatkina and Vladimir Vasiliov, who were responsible for the *Rite of Spring* given as the second half of the programme.

There were some disappointments in the first half, promising rarities from the classical *repertory*. *If Petipa* and Fokine were wholly responsible for the excerpts shown, they did well not to mount these pieces in the west. *Flower Festival at Genzano* had too much coy byplay from Irina Sitnikova and *Igor Terentiev*.

By far the most interesting piece was Kazian Goleizovsky's arresting *Fleeting Moments* (Prokofiev), dating from the 1920s, when his experiments were frowned on by the authorities. It opened with a trio in lilac curiously entwined (Galina Skuratova, Alla Ivantchenko and Mikhail Trofimov) followed by a lyrical pas de deux for a couple in white (Olga Pavlova and Viktor Kasatsky) and a fiery solo for Oleg Sokolov, in black and red.

**OLYMPICS** BY MICHAEL THOMPSON-NO...

# The Moscow enigma rolls on . . .

TO GO, OR NOT TO? One would have thought by now that the *international* political, diplomatic, commercial, and sports communities had agonised long enough over the Moscow Olympic Games, and that a practical (if not a moral) consensus had emerged.

Not a bit. Everyone, from Kremlinologists and Sports Ministers to the manufacturers *of soft* drinks, from media editorialists to the brotherhood of track, field and pool, from dealers in precious metals to students of détente, has had their say.

Yet the agonising goes on, and it does so in an atmosphere of such ignorance and confusion that it seems likely to endure up to, indeed well into the eve of, the Olympic opening ceremony, scheduled for July 19.

Will there even *be* an opening ceremony? At present, I believe so. Despite the agonising of the West, despite the tough stance adopted by the U.S. and Britain, there is as yet only the slenderest evidence that by July 19 the International *Olympic Committee in Lausanne* and the Olympic organising committee in Moscow will have failed in attracting to Moscow a sufficient number of athletes to pass muster as a quorum.

At present, it seems unlikely that anything other than a *large*-scale Soviet troop withdrawal from Afghanistan would persuade the *U.S. Government* to reverse its call for an international boycott (although what would constitute a genuine troop withdrawal is hard to say).

It is the current U.S. claim that up to 50 nations are ready to join an Olympic boycott. Those countries reportedly committed to a boycott include Kenya, *Zaire*, Egypt, Malaysia, Paraguay, Papua, New Guinea, Sudan, Qatar, Djibouti and Chile.

There is a further batch that either was not going anyway or has elected to stay away because *of lack of funds. This group re*putedly includes Honduras, Nicaragua, Guatemala and El Salvador.

Countries which could be added to the list of those in favour of a boycott include *West Germany*, Australia, New Zealand, China (which was readmitted to the Olympic movement only last year), Norway, *Holland*, and *Japan*.

In Britain, there is to be a Commons debate this week in which the Government will spell out its opposition to Britain's attendance in Moscow, though Mrs. Thatcher, the Prime Minister, will make it abundantly clear that the Government is only advising, and that the *decision rests with athletes—and* spectators.

The British Olympic Asso*ciation* has deferred a decision about accepting the official invitation to compete until after a meeting on March 25. That meeting will be held shortly before other Western European Olympic committees *meet in Brussels*. The British administrators are probably hoping that by then a firm lead will have been offered by the U.S. Olympic Association.

"It is possible that we shall still pull out," said Sir Denis *Follows*, the British association's chairman, "but we do not consider it a probability."

Mr. Hector Monro, the *Minister responsible for sport*, has made it clear that there would be no financial sanctions against the British association.

The political view simply cannot comprehend how athletes can prepare to go to Moscow and thus to lend, as the politicians see it, credence and approval to the Soviet regime.

*The sports view is, ironically*, more complex. No intelligent sports man or woman claims that sport is not politicised. They do not say that politics have not infested sport. They say that everything should be done to *evict them*. They are amazed that, whenever things go wrong, the politicians clutch at sport as the easiest cudgel to hand in the game of diplomatic softball, and wonder how on earth the proper ordering of society *can have anything to do* with an Olympic archery programme, or a yachting race at Tallinn.

Perhaps the "Propaganda Games" will be cancelled; perhaps they will not. But, for now, *the Olympic movement is* nothing but a folly, as much the victim of its own aggrandisement as of anything else.

**SOCCER** BY TREVOR BAILEY

# Below-par Liverpool still superior

THE FA Cup quarter final tie between Liverpool, indisputably the best team in the land, and Tottenham Hotspur, who, *in spite of several weaknesses*, have been playing with style, was the game everybody wanted to see. The ingredients could have produced a classic, but the product never even approached expectations.

Liverpool, who beat Tottenham 1—0, were below their best, quite possibly an outcome of the *mediocrity of their* opponents, who seemed incapable of making an accurate pass. If Dalglish had been usual self he would have scored at least two simple goals, and this would have given a more accurate picture of the *considerable* gap dividing the teams.

Spurs rely heavily on their *half-back line* to provide the inspiration and the goals, while Armstrong and Falco form a strictly limited spearhead. There are chinks in their defence, especially at right-back.

*Here lies the big difference* between the two contestants, and explains why Liverpool won so easily. The visitors' two regular strikers are *Dalglish and Johnson but in* reserve they have Fairclough and Heighway, who would both *walk into the present* Spurs side. Their rearguard and last line of defence are in an altogether higher class than Tottenham's.

The big question before the kick-off was how the respective *half-back lines would* compare. This was the one department where Londoners believed with *some reason* that they could hold their own, and might even have the edge.

On the left flank they had Villa, always so difficult to dispossess. In the middle they had Ardeles, artistic and world class, *and the experienced and* rugged Yorath, while the exciting Hoddle, who provides width and elegance down the right wing, has also been scoring a number of spectacular goals.

This can be a brilliant and imaginative quartet, but it simply did not function on Saturday, *even before the early* injury to Villa which forced him eventually to leave the field.

Ardiles started brightly and *gradually disappeared*. Yorath was caught in possession too often and his passes tended to find the opposition rather more frequently than his own colleagues. Hoddle did not appear to have fully recovered from injury and only gave an occasional glimpse of his talent, while Pratt seemed to find the occasion *too much for him*.

Liverpool's clear-cut superiority, both up front and behind, meant that *their own* talented midfield quartet received and was able to provide a much better service than their opposite numbers. Ray Kennedy, Souness, McDermott and Case may not have quite so much dexterity and vision as Ardiles and company, but they are all good ball players and ball-winners.

They have developed a splendid understanding, enabling them to capitalise on their individual strengths. This can be seen in the way Kennedy is to be found by the far post *to head goals*.

The brilliant running off the ball by McDermott after delivering a quick pass has brought him many goals this *season, while there is also the* power of Case's shots and the purposefulness of Souness.

These factors give Liverpool's engine room a balance which is such a feature of the entire team. It means that if one player is below his best, as Dalglish was on this occasion, it does not affect the team's performance *so seriously as if* Ardiles, for example, has an off-day for Spurs.

In an effort to put Liverpool under pressure, Spurs started at a frantic pace, which may well have been why they never found their true rhythm. Apart from a five-minute spell midway through the first half the visitors not *only* took the lead but controlled proceedings.

After the interval, having made no impression on the Liverpool defence, Perryman was moved up to support his front line. This extra man in attack caused occasional problems, but conversely also provided Liverpool with opportunities to put the *result beyond* doubt. These were all wasted with a carelessness not normally associated with the side.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

## Masses of data by satellite

SATELLITE LINKS between Geneva and England, using *ground terminals developed by* Marconi Communication Systems, a GEC-Marconi Electronics company have been set up.

High energy nuclear accelerator work (atom smashing), involves the constant use of vast quantities of complex data. Exchange of such data between laboratories is a problem, the normal method being physically to transfer the data tapes by *courier. Now, by taking advantage* of the high transmission possible, using satellites, the data can be exchanged in less than two hours. *This opens up* the possibility of real-time participation in experiments from sites far away from the smasher.

As part of the European Space Agency (ESA) programme of experiments prior to the launching of a series of communications satellites during the early 1980s for the European Post and Telegraph Administration an orbital test satellite (OTS) was launched in May 1978 to prove the systems likely to be involved in later operations.

One of *the experiments with* OTS promoted by the Commission of the European Community involves the transfer of bulk data. The European Nuclear Research Centre (CERN) in Geneva is being linked with a number of laboratories throughout Europe. The first phase is between CERN and the Rutherford Laboratories near Oxford, *where equipment provided by* GEC Computers will be linked through Marconi three-metre antenna ground terminals, both *of which are being operated by* laboratories on behalf of their national telecommunications administrations. Later this year the DESY Laboratory near Hamburg, Germany, will be linked into the system using a similar class of terminal incorporating a Marconi high speed modem.

The Marconi three-metre data terminal is a innovation in satellite communications. The equipment occupies the same floor *space as an ordinary filing cabinet* and can be installed in a corner of the office.

Since more and more commercial operations involve the use of computers, and the transfer of data rapidly and accurately is a prime requirement, the time cannot be too far off when administrations must offer facilities directly to user premises through an antenna on the roof.

In other experiments currently in progress ESA, at Villafranca in Spain, is using a Marconi three-metre antenna terminal to perform flux *measuring and ranging functions* from OTS. In the UK, the Post Office has a large 19-metre Marconi antenna terminal at the Goonhilly Downs station where experiments for digital transmission on the future European Communication Satellite (ECS) system are being carried out.

● ELECTRONICS

## Graphics are digitised

RELATIVELY small drawings and diagrams—up to five inches square—can be digitised using a compact graphics tablet designed and made in the UK by [illegible] Electronics, 11 Kingsway, Altrincham, Cheshire [illegible] (061 928 9454).

Data is taken from the drawings by means of a coil mounted in the stylus which interacts electrically with an array of coils mounted below the writing surface. As the pen is *moved from point to point* on the drawing and pressed on the surface, a microswitch operates and simultaneous digital readings of x and y co-ordinates are captured by the pen.

The tablet generates both 12 volt and five volt outputs and the resolution is 10 lines/mm. In fact, one version of the device is able to produce co-ordinate pairs at the rate of 2,000 per second as the stylus is moved over the tablet surface. Thus, drawings can be "*scribbled*" and digitised at the same time. In addition, the stylus is able to operate through any insulating or non-*magnetic material up to 0.5* inch thick. Known as the Hawk Graphics digitiser, the device costs £300.

● METALWORKING

## Alternative saves time

VITAL to the work of oil exploration rigs are the lengths of tube that screw together to form test or production "strings" through which the oil — often from depths of thousands of feet — is brought to the surface.

To obtain the exact depth required for a particular string, special tubes of a known length are required. Called pup joints, these normally have "upset" ends which, alternately, are internally and externally threaded so that they screw together to form flush, water-tight joints, as the string is extended.

A problem in the UK has been obtaining supplies of "upset" tubes which are usually produced by a forging process. Delivery of conventionally forged upset tubes from British or American mills is said to be *18 to 26 weeks.*

Tubeboring, of Tetbury, Glos., is offering an alternative method of production. By deep-hole bor*ing standard stock tube* and machine turning the outside diameter to the required upset profile, considerable time is saved. Though the cost of production is higher than that for traditional pup joints, this is offset by the elimination of delays in an industry where time is at a premium.

Tubeboring (Cheltenham), Unit 4E, Industrial Estate, Tetbury, Glos. 0666 52826.

● HANDLING

## Potatoes packed fast

DESIGNED TO handle potatoes and similar vegetables at high speed and without damaging the produce is a new automatic box filler from Cranford Engineering, Mere Platt, Knutsford, Cheshire.

Interesting feature is said to *be the "goose-necked" con*veyor unit which operates with a rise-and-fall action under electronic control.

Signals for the control of conveyor movement are provided by an automatic height sensor mounted on the leading end of the conveyor unit which continuously registers the level of produce in the box.

Produce delivered to the conveyor unit is conveyed by an enclosed cleated 3 feet wide belt which transports the potatoes, etc., to the interior of the box being filled and releases the vegetables at the existing contents-level. The automatic sensing of the produce level in the box, as a means for control*ling conveyor discharge*, eliminates any risk of damage to the vegetables during filling operations.

● DATA PROCESSING

## First installations in Europe

AFTER ONLY three years of activity the U.S. computer company Magnuson, set up to make IBM plug compatible machines is on the way to achieving at the middle of the size range what Amdahl has pulled off at the top end after seven years of business. Indeed the Magnuson machines were designed by Carl Amdahl, son of Gene, although there is no connection between the two companies.

Magnuson has just announced its first orders in Europe for the M80 series, machines which, it is claimed, can do all that IBM's 360 and 370 computers can do, but more efficiently and more compactly.

First installation might well be described as "blue chip" since it is at CPP, the mainframe software products arm of CAP-CPP. *It is also the latter* company's first mainframe installation, extensive bureau time having been purchased in the past.

Another order is described as being from a "leading European computer services group with bureaux in France, Belgium, Italy, Germany, Switzerland the U.S. and the UK." The name is not officially disclosed but is believed to be Generale Service Informatique. An M80/4 will go into the UK bureau.

A further M80/4 is to replace an existing IBM 360/50 at EMMA EDB in Bergen, Norway, a bureau.

The value of the three orders in total is about £1m. So far, some 70 systems have been sold in the U.S. at a value exceeding £8m.

Considerable advantages are being claimed for the 80 series by Magnuson. As a rule of thumb, the company says they offer a 20 per cent performance improvement but at 20 per cent less cost compared with IBM. Thus for companies like CPP *with an increasingly heavy* demand for bureau usage, the price/performance advantages offered are sufficiently attractive *to justify an in-house computer.*

More specifically, Magnuson claims that the M80/3 for example, has "about 50 per cent higher performance than IBM's *4331 and can be expanded to* eight megabytes of main storage compared with only one megabyte for the IBM model. The M80/4 upgrades to an *M80/42* or M80/43 raising its performance some 30 per cent beyond that of IBM's new 4341."

The company believes that most of its cost reduction arises from design. For example, the M80's processor, memory and channels facilities are built from a total of only 11 different boards while the parts for the entire system are provided by less than 50 suppliers.

But probably the most telling advantage is delivery, claimed by the company to be "the ultimate weapon" in its armoury. The company states: "Compared with IBM, whose 4300 series is delayed for as *much as two years, Magnuson is* able to deliver the M80 models 3 and 4 within 60 to 90 days of ordering."

Magnuson in the UK is situated at 11 Fairmile, Henley on Thames, Oxfordshire (04912 78159).

GEOFFREY CHARLISH

## Messages in all directions

SPL INTERNATIONAL has concluded an agreement with Plessey Inc. of New York for the marketing rights to a tandem-based message switching package, DMS 660. The agreement involves a perpetual licence, non exclusive rights in western Europe and exclusive rights in Scandinavia. Under the *terms of the contract SPL will* sell, install and maintain the package; modify and extend the package; and supply micro-based data line controllers.

The package provides facilities including multi-address, group addresses, message acknowledgement, message retrieval and edit, statistics, four levels of priority, magnetic tape as a logical terminal, wild telex, *format*, speed and code conversion, and automatic secondary routing.

The system uses IATA format, but other formats can be supported. The system will also cater for speeds up to 9,600 *baud, and supports Telex, IBM* 3270 and 3780, and Bell polling protocols.

SPL will be extending the *package to cover the* requirements of electronic funds transfer and electronic mail, and will market it under the new name of ADS 365.

SPL envisages potential market areas for ADS 365 to include insurance and banking, commodity brokers, newspaper agencies, transport companies, *airlines and multi-nationals.* ADS 365 will be sold either on a turnkey basis including tandem form computer hardware *and other application software*, or on a fixed price basis with application software on the users' tandem systems. Tandem is a twin-processor system which, to date, has not had a disastrous failure.

More from SPL on 01-636 7833.

## Handles many transactions

FORTRONIC'S specialist banking terminals are to marketed in the United Kingdom and the Republic of Ireland by ICL, specifically to meet the needs of branch banking in the 1980s.

Fortronic's key development is the transaction terminal system. This is based on a microprocessor and has keyboard, plasma display, printer and magnetic card reader, all integrated in a single compact unit. It is operated by bank counter staff to handle the full *range of customer's transactions* and enquiries to be processed with greater security, speed and accuracy.

TTS was originally designed by Fortronic in collaboration with the Clydesdale Bank, which has implemented a major branch network throughout Scotland. By 1981 there will be about 360 branches linked into the network, with over 1,500 terminals installed.

ICL has already received an order valued in excess of £100,000 for a modified version of the Transaction Terminal System. This has been placed by a major Irish Bank which *will shortly take delivery of the* systems for use in foreign exchange calculations and branch accounting.

A number of other banks and financial institutions are con*ducting trials of the system for* various applications, including financial data capture, credit authorisation and the control of note dispensers.

Related products are being developed jointly by ICL and Fortronic. These will extend ICL's capabilities not only in the banking market but also in the wider application of electronic funds transfer systems *(EFTS) in the retail environment.*

ICL, Putney, London, SW15. 01-788 7272.

● QUALITY CONTROL

## Inspection of alloys

X-RAY analytical equipment from Link Systems is designed *for instant quality inspection of* incoming alloys and steels in a non-laboratory environment.

Based on microprocessor and detector technology used in the construction of research grade X-ray analytical equipment, the new system is priced at about £17,000 and will provide positive, simple and fast identification.

The operator starts by placing a known accepted standard of the metal into the analysis cavity of the unit; on the depression of a button this is analysed and the result stored in the system memory. Then, subsequent samples can be analysed and automatically compared *against the standard* on a "go no-go" basis.

The user can compile his own alloy data bank holding the acceptance standards for all materials likely to be used in his business. In this way an unknown material can be analysed and checked electronically against the entire stock of records. Alloys with as little as 0.1 per cent variation can be differentiated.

More from the company at Halifax Road, High Wycombe, Bucks (0494 24145).

● MATERIALS

## Copper-clad laminates

*PHOTO-SENSITIVE single and* double sided copper clad laminates in three Eurocard sizes and and a thickness of 1.6mm are offered by Fotomechanix under the product name "Fotoboard."

The roller-applied positive resist has an included dye indicator which changes colour on exposure without the need for a dye tank. The resist surface remains hard during *processing, simplifying handling* and it is protected before use by a black plastics film which is peeled off for circuit printing.

A further advantage of Fotoboard is that it is processed in mildly alkaline solutions reducing effluent problems. In addition, the provision of pre-cut sizes (160 x 100, 220 x 100 and 200 x 233 mm) allows fast prototype production.

Substrate used is an FR4 epoxy-glass fabric which conforms to BS4584 part 3 and a number of other specifications.

More from the company at *Unit 10, Middlemore Industrial* Estate, Smethwick, Warley, West Midlands B66 2EP (021-565 1086).



● HEATING

## Safe when dealing with acids

THERE ARE many applications in the industrial, chemical and scientific fields where corrosive chemical solutions — notably acids and alkalis — must be temperature-controlled.

To enable electric immersion heaters to be safely and economically used for this purpose, Circuit Plating Equipment, of Ascot, Berks, has introduced its RTC range of immersion heaters.

The heater element in these units is protected by a sheath of quartz, stainless steel, titanium or other resistant material appropriate to the solution in which it will be used.

In general, quartz would be specified for the majority of acids, except *hydrofluoric acid*, which requires an alumina sheath. Stainless steel would be used with most alkaline solu*tions, phosphates,* water and some solvents. Titanium would be used with some acids.

An additional aspect of the heaters is a tough polypropylene guard that protects them against damage caused by physical shocks during use.

They are available in a range of fittings. The most versatile is the "over the side" type, which as the name implies, simply fits over the side of the tank, with the heater immersed in the solution. Screw-in types, fitting into a pipe flange mounted in the tank, are also *available.*

Heating power extends from 1,000 to 36,000 Watts while smaller tank heaters offer power ratings from 500 to 1,500 Watts.

For heavy solutions or phosphate solutions, a range of derated heaters is available. With a rating of 20 Watts per inch as opposed to the more normal 40 Watts per inch, these heaters are designed to inhibit *scale build-up.*

Attractive with the quartz heaters is the very smooth surface finish of the quartz. This *minimises the build-up of*, for example, copper during electroless plating, and prolongs the useful life of the heater.

FINANCIAL TIMES SURVEY

Monday March 10 1980

# Insurance Broking

The scale of world insurance—nowadays involving jumbo risks running into billions of dollars—has become such that sheer size of operation has emerged as an overriding consideration. It is for this reason that the insurance broking community is increasingly the scene of mergers—either within Britain or with the American industry.

## Race on to be the biggest

By John Moore

THESE ARE uneasy times for the insurance brokers. Major changes are taking place in their organisations, their methods of operation, their business relationships with each other, their public image, their professional standards, and how they are regulated in various markets.

The period of upheaval, which started nearly two years ago when U.S. and UK brokers attempted to forge closer links with each other, is not yet over.

So far this year Marsh and McLennan of the U.S., the world's largest insurance broker, has launched an ambitious £237m bid for an openly hostile C. T. Bowring and Co. of the UK, ranking seventh in the world insurance broking league. Other changes and realignments in the business relationships between the major *American and British brokers* are likely to continue for some while.

The regrouping of the major brokers *is taking place as their* trading cycle has dipped. All brokers are affected by the overcapacity in world insurance markets; too many insurers are seeking business volumes which have not expanded at the same rate as the available markets. This has depressed premium rates, *in turn pegging the* growth of brokers' commissions. In addition, British brokers are faced with — as high overseas earners — the negative effects of a strong pound.

As conditions have become more competitive so the professional standards of a number of the brokers have attracted criticism, not merely from those outside the insurance business but, increasingly in the last year, *from the insurance* professionals themselves.

Within Lloyd's of London, the world's oldest insurance *market, there is a mood for* reform (after several scandals) which has recognised that an uncontrolled entrepreneurial environment is no longer appropriate in a community which is backed by private wealth.

Lloyd's is studying the whole problem of self-regulation within its market through a working party headed by Sir Henry Fisher. The Fisher team has been looking closely at a controversial *rule established by* Lloyd's in 1978 when the first wave of U.S. approaches to Lloyd's brokers began. Lloyd's decided then that no insurance *interests outside its market may* normally hold more than 20 per cent of an approved Lloyd's broker.

In evidence to the Committee to Review the Functioning of Financial Institutions, headed by Sir Harold Wilson, Lloyd's said later that year that it felt that if control of firms operating within Lloyd's were to pass to groups or boards or companies outside Lloyd's, whether over*seas or in the UK, so that* they were beyond the control of the ruling Lloyd's committee, then the latter's power of self-regulation would be eroded.

### Furious

The creation of the rule had *a tremendous impact* in the U.S. The Americans were furious over the 20 per cent rule—a reaction which proved in time a contributory factor in helping the establishment of a New York Insurance Exchange, a possible rival for Lloyd's.

But the rule has become *impossible to hold to at Lloyd's* and is likely to be modified radically or dropped altogether. Nearly half the world's insurance premiums of $300bn (including life insurance premiums) come from the U.S. The U.S. market alone could provide Lloyd's with anything up to two-thirds of its annual premiums of £2bn.

By dint of its size the U.S. market is important to Lloyd's; *but by reason of its* limited capacity, representing around 3 per cent of total U.S. premiums, Lloyd's is rather less important to the Americans.

THE WORLD'S TOP 12 PUBLICLY QUOTED INSURANCE BROKERS

($m Sterling income converted at $2.25)

| | Group broking commissions and fees* | Insurance broking investment income | Other net pre-tax income | Group pre-tax income | Group after-tax income† |
|---|---|---|---|---|---|
| Marsh & McLennan ......(U.S.) | 463.3 | 47.2 | 46.8 | 166.1 | 82.2 |
| Alexander & Alexander (U.S.) | 328.7 | 24.0 | 15.5 | 103.3 | 51.5 |
| Sedgwick F. P. B. Group (UK) | 260.0(e) | 25.0(e) | 15.0(e) | 107.0(e) | 47.0(e) |
| Frank B. Hall ..............(U.S.) | 237.9 | 21.0 | ** | 56.8 | 27.5 |
| Reed Stenhouse‡ ......... | 156.2 | 10.5 | ** | 29.8 | 14.4 |
| Fred S. James ...........(U.S.) | 148.0(e) | 11.2 | ** | 40.5 | 21.1 |
| C. T. Bowring§ ........... (UK) | 144.0(e) | 20.0(e) | 12.5(e) | 55.5(e) | 40.0(e) |
| Corroon & Black .........(U.S.) | 128.5 | 8.5 | 3.2 | 37.9 | 19.8 |
| Stewart Wrightson§ ...... (UK) | 98.0(e) | 10.0(e) | 4.5(e) | 18.5(e) | 9.7(e) |
| Alexander Howden ...... (UK) | 97.0(e) | 16.0(e) | 19.0(e) | 44.0(e) | 25.0(e) |
| Willis Faber§ ........... (UK) | 79.0(e) | 17.0(e) | 9.0(e) | 36.0(e) | 18.0(e) |
| Minet ...................... (UK) | 75.0(e) | 7.0(e) | 7.0(e) | 22.5(e) | 12.0(e) |

Notes:—

* Excludes affiliates, associates. † Net profit attributable to stockholders. § Group *pre-tax income from insurance activities only. After tax income from* all *activities.* ** Not disclosed but believed modest. (e) Est. ‡ Canadian and UK interests. Figs. to September 30 C$1.15 ≃ $1.

Source: Kitcat & Aitken.

The 20 per cent rule has become more difficult to stand by at Lloyd's for different reasons. More members of the market, particularly some wayward Lloyd's brokers, have eroded the committee's power of self-regulation from within the market, rather than outside the market as was originally feared by Lloyd's when it gave evidence ot the Wilson committee.

The bid for Bowring by Marsh and-McLennan threw into sharp relief the new British attitude towards the muscle-flexing of *the Americans. Bowring,* an old-established family company with banking and credit finance activities and a pillar of the Lloyd's establishment, has publicly opposed the bid.

Bowring turned to the insurance establishment in London for help to fight the bid and found little support. Lloyd's submissions to the Office of Fair Trading seemingly raised no real objection: the *British Insurance Brokers Asso*ciation was openly encouraging about the deal; and several chairmen of large UK brokers rushed to commend the idea of allowing the Americans to have their way.

While the British brokers are anxious to get nearer the princi*pal market through a merger or* link-up as profits become harder to earn on a downward cycle, the Americans have their reasons. They want:

- A greater share of the commission cake. If they pass business from the U.S. to London and Lloyd's it has to be channelled through an approved Lloyd's broker and the commission shared. The Americans want to retain greater share of the brokerage.
- Better international links. Most large UK brokers have well-developed international net*works outside the U.S. market* which the Americans would like to exploit as the outlook in their domestic market for insurance growth is uninspiring.
- More influence in the Lloyd's market. On prestige grounds alone Lloyd's still appeals to the Americans.

It has been suggested by many brokers in the London market that in the near future there may be only six or eight international broking firms handling the large insurance accounts of international clients. But there will be a large number *of smaller firms handling more* specialist work.

The trend is likely to be different. Already many *medium-sized and smaller brok*ing companies are talking to each other with a view to merging. Any merger would largely be a defensive move designed to bring the smaller UK broker on to terms with the growing might of the larger firms.

Power, and consumer choice, *is becoming increasingly con*centrated. The more mergers there are within the UK insurance broking community so the number of independent Lloyd's brokers shrinks.

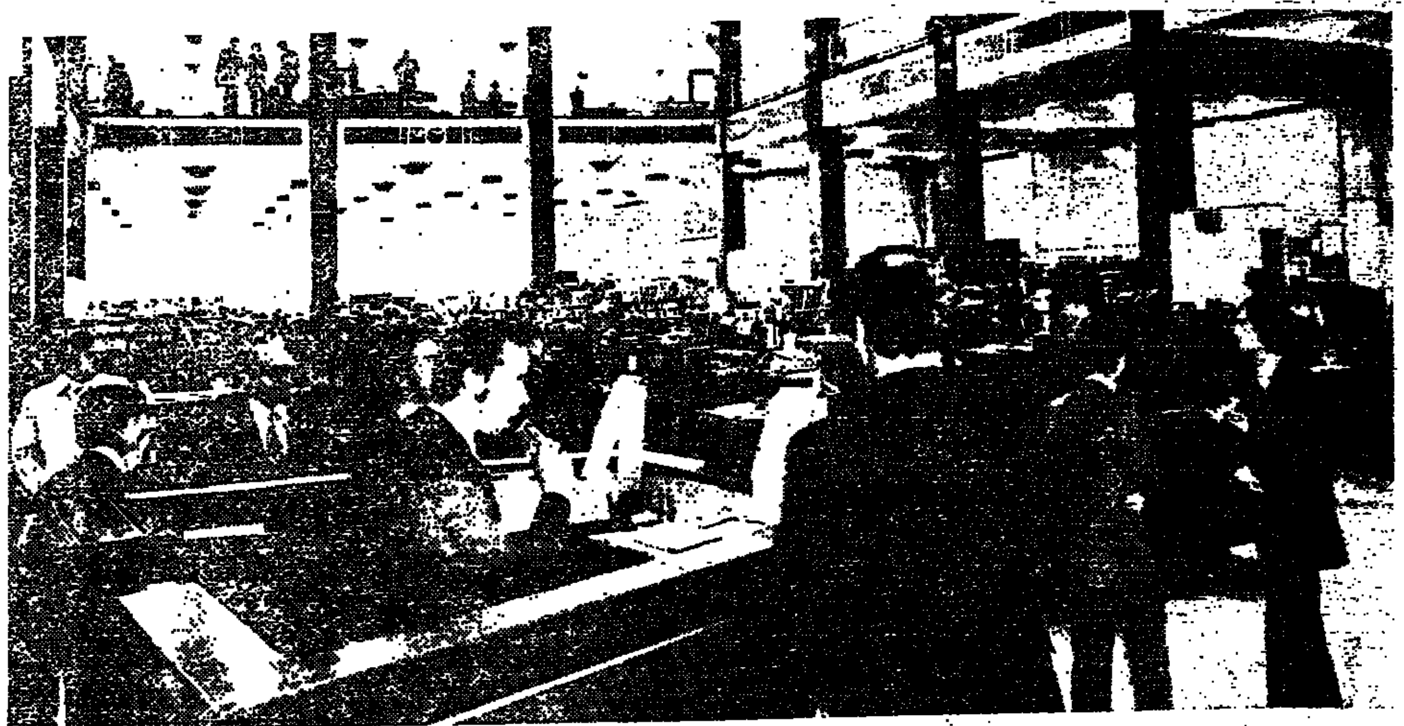
The total number of UK insurance brokers, recognised as such, has been influenced by the requirements of the Insurance Brokers (Registration) Act 1977, under which anyone who wants to call himself an insur*ance broker must register.* This is designed to bring the industry under statutory control. While perhaps raising standards, it has reduced the number of brokers who can now claim the title of "brokers" and be recognised as brokers by the authorities.

### Impetus

It is a measure which has given more impetus to the bigger brokers, who have no difficulty in passing the tests of competence and financial standing. Others have decided to forego the opportunity of describing themselves as a broker and have chosen to call themselves consultants or agents.

Size is becoming an obsession in the UK insurance broking community. Whether UK brokers are seeking to forge *formal links with U.S. brokers,* entertain U.S. mergers, or merge with each other in the UK market, the intention is the same — to become eventually one of the top six international brokers servicing jumbo insurance accounts. This race will run for years.

# Conflict of interests at Lloyd's



*The "caller" in the Long Room at Lloyd's — the link man in the internal communications system*

ONE OF the thorniest problems which the Lloyd's internal working party into self-regulation will have considered is the relationship between Lloyd's insurance brokers and the underwriting interests which those brokers might own.

Insurance brokers at Lloyd's derive their income from three principal sources: commissions on business placed with insurers; investment income from the banking of premiums during their client-insurer journey; and underwriting agency income—fees and profit commission—earned by managing underwriting syndicates at Lloyd's.

At one time the underwriter was himself the agent for his members for whom he was underwriting at Lloyd's. But the growing burden and problems of administration, taxation and the complexities of communication with a growing membership—there are over 18,500 of Lloyd's—led gradually to the establishment of the present agency system, under which most underwriting agencies are run by companies, and some in association with the broking houses.

All the major Lloyd's brokers have underwriting syndicates under their wing at Lloyd's through the ownership of agency companies. Although the control of voting shares of underwriting agencies is held not by broking firms but by individual members of Lloyd's who are represented on the boards of directors of the agencies, the directorships have often been common to both the agency company and the parent company. Moreover, with most directors of the parent broking company members of Lloyd's it has been possible to combine both functions in spite of the inherent conflict.

The conflict between underwriting and broking is glaring. Underwriters, the sellers of insurance, have to secure insurance business at a sound commercial rate to make a profit for syndicate members. Brokers have to secure the most competitive rate for their clients whom they are arranging the insurances for. Whose interests win in such an apparent conflict?

The official view of Lloyd's has been that the scale of modern risks requires the utilisation of a great number of syndicates—there are over 400 at present—and sometimes world markets. Any broker, runs the argument, who tended to favour syndicates managed by a subsidiary of his own firm or who was influenced by wider considerations of a parent organisation would soon find his market inadequate to his clients' needs.

This conventional wisdom is usually rounded off with the observation that in an effort to preserve their impartiality, brokers are sometimes thought in practice to favour any syndicate but their own.

What if the broker trades on his own syndicates in small business volumes hoping to lay off any risk through reinsurance, collecting premiums once and brokerage twice over for his efforts in acting as both direct broker and reinsurance broker? What happens if the commercial pressures are so compelling that one interest within the broking group does eventually come into conflict with the syndicates, backed by the private wealth of a sleeping membership?

There is no problem, many at Lloyd's would argue, until there is a loss or until premium limits, which are strictly related to the capital which backs each underwriting syndicate, are badly breached.

## Mischief

To what extent there is a mischief in this type of structure is difficult to quantify but it is unlikely that the Fisher team are going to recommend that underwriting interests should be sold off from their broking parents in an attempt to remove the conflict.

A hint of what is likely to come was given the other week. Mr. Ivor Binney, chairman and chief executive of C. T. Bowring (Insurance) Holdings said at a meeting of the Insurance Institute of London that "on the face of it such relationships must surely result in the prostitution of underwriting judgment for the benefit of broking profits."

Some form of visible divorce would have to be accomplished so that the brokers do not end up with control of the managing agents.

Many brokers are taking this idea further: the underwriting agency organisation and personnel could be separated from the broking side leaving the underwriting interests to report quite separately to the parent company. The parent company retains its role in reviewing the operations of each section. Already many brokers are taking steps to separate their broking executives from the group's underwriting interests and build a visible wall between the two functions.

The most difficult problem that the working party, headed by Sir Henry Fisher, is facing is that of defining and formulating disciplinary powers to support the Lloyd's ruling committee and the market. Two main Acts of Parliament—the 1871 Act and the 1911 Act—are no longer adequate to provide the market with the necessary functions to deal with contemporary disciplinary matters.

In the past twenty years a phenomenon has grown up within the Lloyd's market—the publicly quoted insurance broker. Shareholders interests have become an important sectional interest within the Lloyd's community.

The pressures on publicly quoted brokers through their conscious responsibility to shareholders to produce consistent earnings growth has led to a new attitude within the Lloyd's market. In a pursuit of growth for shareholders the larger broker may depart from the accepted procedures within Lloyd's, particularly if competitive pressures are great.

But how can Lloyd's protect the interests and good name of the market when the slightest hint of trouble is likely to reflect on the goodwill of the broker and on the share price and shareholders interests?

Formal procedures which can be implemented with speed need to be evolved to deal with these circumstances and as a result of the Fisher inquiry a new Act of Parliament for Lloyd's will be formulated.

The other aspect that the Fisher team will be examining is that while the checks and balances built into the Lloyd's systems over the past 100 years or more to protect the policyholders are well nigh foolproof, the checks and balances which can offer some safeguards to the committed capital within the market may not be quite as sound.

Reporting procedures of both brokers and underwriters will need better organisation, not only among their own staffs but also in the administrative bodies of Lloyd's itself.

The Fisher inquiry team has constantly had to extend its area of discussion as each new problem has hit the market. Lloyd's is now looking to the team to come up with a formula which allows the American brokers to accomplish their takeover plans of Lloyd's brokers without too much disruption to the Lloyd's status quo.

Unless the underwriting interests of Lloyd's brokers are hived off completely from the broking interests Lloyd's might face difficulty in remaining an essentially British Institution for long. If an American takes over a Lloyd's broker, which in turn controls numerous underwriting syndicates at Lloyd's through subsidiaries, Lloyd's could become "Americanised" in a relatively short period of time. But with carefully established rules defining broking and underwriting relationships the process could be slowed.

**John Moore**



# Small brokers line the High Street

WALK DOWN any High Street in Britain and along with the butcher, the baker and the Electricity Board showroom the small insurance broker is almost certain to form part of the local frontage.

Much of the time his premises will be sited in a busy shopping centre, his open doors inviting the public to step straight in. On other occasions he may operate off the beaten track, content to carry on his business less conspicuously and largely by word of mouth. But wherever he is and whatever the size of his operations he is likely to find a healthy demand for his services.

This at any rate is the impression given by the British Insurance Brokers Association (BIBA). More than 3,500 of its 4,600 member, employ less than 20 staff and no fewer than 400 of these are "one-man bands." In all cases such firms are cashing in on the considerable demand from members of the public and small companies for efficient and accessible insurance broking advice and services.

Small brokers are difficult to classify but very broadly they fall into two categories. The first is the small almost invariably provincial operation whose trademark can be best summed up as "jack of all trades." The second category is the small specialist broker who has expertise in a particular field by virtue of which he can often outgun his bigger City rivals. These distinctions, of course, inevitably overlap. The all-rounder will usually have his own individual forte while most specialist brokers are reluctant to turn down new business just because it falls outside their particular niche.

## Colours

"The small broker's main problem is to adapt to the needs of his own locality," says one North country insurance broker. "If you are small it is often difficult to specialise. You may provide someone with life insurance one day and the next morning he is back wanting motor cover. In this case you are not going to turn away new business. The provincial broker, in other words, has got to be a fish of many colours."

Small brokers are probably most commonly associated with motor insurance because many new firms see motor cover as the best way of attracting new custom. For example, people tend to go out and buy cars spontaneously and then suddenly find they lack any insurance cover. Inevitably many rush to the most convenient broker, a tendency which has encouraged the growth of what many in the trade disparagingly refer to as Motor Cover Note Shops. This is an unfair brush with which to tar most firms in the motor business but in some cases the presumption is that rapid turnover is achieved at the expense of good service.

Small provincial brokers therefore have to cover the entire range of insurances. Besides motor and the domestic market (for example, house, house contents and the more straightforward life insurance policies) small provincial brokers often act as the professional insurance buyer for small firms. Large companies usually have their own insurance manager dealing direct with the insurer, but small companies whose main preoccupation is making nuts and bolts, selling coins or blowing glass need the help of an outside adviser.

Mr. David Callaway, of Chelmsford brokers Callaway and Sons, says that his firm could well negotiate total premiums up to £100,000 for local company clients. "After this," he says, "it probably pays companies to have their own manager, while at this point the big boys also enter the market."

If all markets are potentially open to the small insurance broker, it does not follow that he is without his problems. Inflation, for example, has inevitably nibbled at his income by pushing up overheads faster than the growth of commission. Mr. Alan Teale, chairman of BIBA, points out that in times when credit is tight and people have less money to spend, there is an accompanying cutback in insurance needs. "People tend to carry the risk themselves in this sort of climate."

Competition from banks and building societies is another recurring problem facing many small insurance brokers. In general the attitude is that it is perfectly legitimate for these institutions to offer a service for their customers but there is an underlying feeling that in some cases the competition is not strictly fair.

Mr. John Sinkins, a partner in the East Grinstead firm of G. F. Thompson and Co. (Insurance) and a member of the BIBA Small Firms Committee, points out that while bankers in head office may deeply disapprove of strong-arm tactics, it has not been unknown for local bank managers to use some form of subtle pressure to persuade their customer to use the bank's facilities.

"For example, if a customer is relying on his bank manager for an overdraft he may be worried that this will be withdrawn," he says.

Mr. Sinkins, whose own firm specialises in Persian carpets importers and the smaller end of trade at Hatton Garden but who certainly does not turn his nose up at other business, also acknowledges that the Registration Act has given smaller brokers plenty to think about.

Registration has in fact possibly been the major concern in recent months, particularly for the very small firms. It requires firms who wish to be registered and therefore call themselves "insurance brokers" to have five years' broking experience, or three years' experience plus a professional qualification, provide professional indemnity up to £¼m and follow a professional code of conduct (effectively the latter requires that a qualified insurance broker be always available).

Mr. Sinkins strongly supports registration and feels that most firms will have little difficulty in meeting the requirements of the Act. Like many others, however, he is worried that many who do not qualify can still set themselves up as insurance consultants or insurance agents.

"These distinctions," he says, "will often be lost on the public. In my opinion if we are going to accept Government control so should everybody else."

Another problem worrying small firms at present is tight credit. "In the past we have got used to letting our customers pay well after the usual 30-day limit," says one. "But nowadays insurance companies are insisting that we meet their deadlines, and it is difficult to change the habits of our customers."

As in so many other spheres computerisation is quickly gathering pace in the insurance broking world. This is one area, for example, where BIBA is using its expertise to inform and advise its members. Interest at the moment is acute and many surprisingly small firms are currently considering the costs of implementation, if not actually taking the plunge.

**Tim Dickson**

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# Aid in assessing export risks

EXPORT INSURANCE is an increasingly risky business. After having fallen almost continuously since the war, premium rates charged by the Export Credits Guarantee Department (ECGD) are on the upturn. Average premium income was raised from around 29p per £100 to 32p last year and, while no decision has yet been taken this year on the normal credit insurance premiums, some further increase looks possible.

Indication of this was given last month when the rate on one of the department's bank guarantee facilities was doubled to 50p per £100. The need for a higher level of premium income is quite clear. In the last financial year the amount paid out in claims totalled £134m — £26m more than the premiums received. In the current year the level of payments is substantially higher.

Some of this increase is attributable to insolvencies in the UK, but the main reason is unquestionably a higher rate of claims on the buyer. Turkey, Iran and Zambia are, with certain highly specific exceptions, no longer eligible for cover and other countries, including Jamaica and Zaire, can be covered only in limited areas.

The higher incidence of claims makes it correspondingly more important for exporters to insure themselves effectively. In practice this means recourse to the ECGD, which has a virtual monopoly on underwriting this kind of business.

The proportion of UK exports insured by the department has risen from 8 per cent in 1947 to around 34 per cent. This figure is artificially low since a high proportion of exports, including commodities and certain kinds of intra-company trade, would not be insured through the ECGD. The department reckons to have between 80 and 90 per cent of winnable business, with a little going through private insurers such as Trade Indemnity and the remainder being uninsured. A company which exports almost exclusively to financially solid clients in politically stable areas might feel it unnecessary to seek ECGD cover.

## Comprehensive

This would apply particularly to companies which have only a small portion of their exports exposed to genuine risk. The ECGD, in order to spread its risk, seeks to insure companies on a comprehensive basis for all (or almost all) export business over a period of at least a year. Only for large-scale projects and capital goods exports of high value requiring lengthy credit terms will the department be willing to negotiate individual contracts.

This means that almost all exporters will need to seek the services of the ECGD, which can be approached either directly or through a broker. In the latter case the broker will negotiate with the department on the matter of risk. These brokers are largely specialist intermediaries, whose primary function is not placing but risk assessment.

Lloyd's underwriters themselves are prepared to write a certain amount of political risk, but since they are debarred from writing credit insurance risk, they are providing a complementary service rather than impinging on the ECGD monopoly. There is of course some overlap between political and commercial risk in the case, for example, of exports to a State-owned organisation. Equally, if a client is unable to pay in sterling because its government has insufficient access to foreign exchange, this is in some sense political risk.

According to Mr. Dick Briggs of Credit Insurance Association, the most active of the specialist broking fraternity, the most important criteria of risk assessment are the product type, the nature of the buyer (whether a wholesaler, retailer, manufacturer or distributor), the terms of contract involved and the competence of the exporter's credit management system.

## Specialist

The brokers themselves are divided into two tiers. The first which comprises little more than a dozen specialist organisations, has regular dealings with the ECGD and receive commissions from it for all kinds of business at a preferential rate. Others receive commission at a lower rate, and for new business only.

The ECGD is a commercial operation as well as a Government department, providing a wide range of services. In addition to insurance cover, it offers financial support through guarantees to banks and ensures a fixed interest rate for the exporter by subsidising the rate to the bank when necessary.

Over the past three years the department has encouraged a switch to foreign currency financing for buyer credit business and has allowed foreign, as well as UK banks, to arrange and manage such loans. For certain countries the ECGD will underwrite buyer credits only in foreign currency, which helps to control its foreign exchange risks.

Under a recent scheme exporters can opt for supplier credit financing in U.S. dollars or Deutsche Marks if it suits them. For contracts worth £250,000 or more, the ECGD will provide support for the issue of performance bonds, if the contract is on cash or near cash terms.

In such cases the ECGD does not provide the bonds but supports them by an indemnity to the issuer. In addition, the department can insure exporters against the unfair calling of bonds raised without its support.

The ECGD effectively takes two kinds of risk in the course of its normal operation. It assumes the risk of non-payment by the buyer and, in guaranteeing lending banks the funds made available to the buyer or supplier is exposed to possible repayment problems on the part of the borrower.

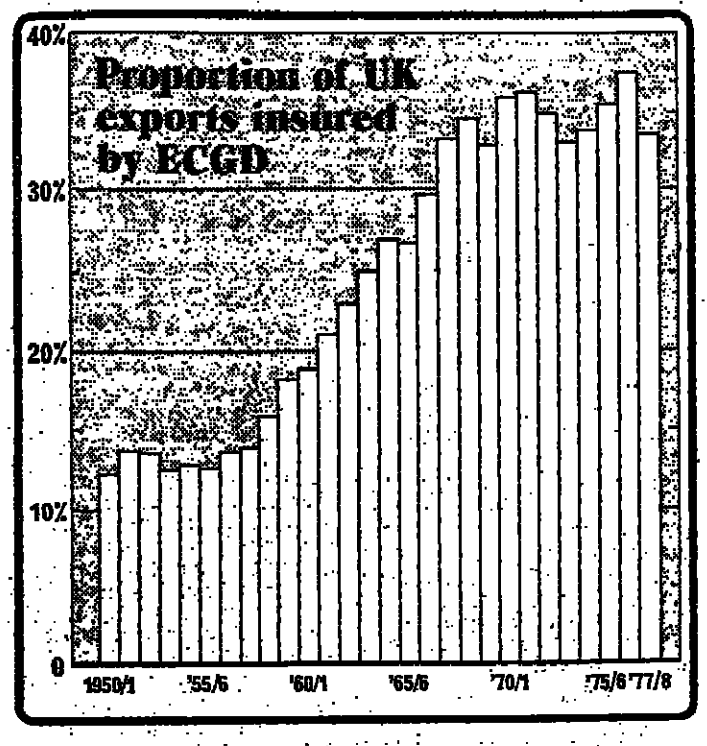
To cover against the risk, the ECGD makes provisions for future liabilities. These totalled £82.4m in the financial year to March 1979, a slight fall from the 1978 figure of £80m. The department also maintains reserves, which last year stood at £466.9m, an increase of around £77m on the previous year. In 1974/5 it was agreed to maintain a reserve equal to three per cent of total mounts at risk on the commercial account, which accounts for some 90 per cent of its business.

The effects of inflation and increases in provisions had reduced the ratio to 1.9 per cent in 1976/77 and the ECGD is now aiming to boost it to 2.25 per cent by 1981/2. This would prove adequate for almost any eventuality, though the Iranian problems may produce claims of £150m—around one third of total reserves.

## Aggressively

The ECGD sets out to provide a safety net which will encourage British companies to market their wares overseas aggressively. Together with the specialised insurance broker it provides a service which in its last financal year covered £14.5bn of exports. By international comparison, the department's terms are generous. Foreign exporters can often be heard complaining that their local counterparts, such as Hermes in West Germany and Coface in France, offer less incentive than the sixty-year-old ECGD.

**John Makinson**




# The hard sell in life assurance

THOSE STUDYING the history of life assurance may well select three events in recent years that were instrumental in changing the whole pattern of life assurance selling. First came the introduction of the unit-linked life assurance concept more than a decade ago. Then there was the 1968 Finance Act and finally in 1976 came the commission agreement between the life companies and the insurance brokers.

Before these events, life assurance selling was relatively straightforward. The product range offered by the traditional life companies was comparatively limited — with-profits endowment assurances for savings purposes, whole life assurance for protection and annuities for income.

The more adventurous broker sold family income benefits, usually attached to a whole life or endowment policy. But there was little innovation by the life companies and little attempt to package the contracts to meet the needs of investors.

Then came the changes. The unit-linked concept added several new dimensions to life assurance products, including introducing a flexibility not previously known with the rigidity of conventional life assurance. The 1968 Act and subsequent amendments has spelt out the tax qualifications of life assurance contracts. These two events served to highlight the advantages of life assurance in tax planning—the need being boosted by the ever rising higher tax rates.

The change in the method of paying commission on life contracts from a sum-assured basis to a premium-related method had far-reaching consequences. It changed the emphasis on selling away from whole life contracts towards the shorter term savings plans. Under the old system, commission paid on whole life non-profit policies at the younger ages could be as much as three times the premium. Life assurance brokers could earn a living selling whole life policies. Now commission is limited to 90 per cent and the broker has to be much more varied in his selling.

Much more emphasis is now placed on providing protection for the younger family man using term assurance—either as a lump sum or as a series of income payments. Such contracts can be ideal to meet the protection needs of the family at a low cost.

But to sell term assurance correctly, explaining to the investor how it operates and the options available later is time-consuming to say the least. And the commission rates paid to brokers on these contracts are low. The net result is that term assurance sales still do not reach anywhere near their full potential.

## Appreciated

The role of life assurance in tax planning became steadily more appreciated during the 1970s as the experts analysed the implications of the 1968 Act. For the higher rate taxpayer, the main advantage on regular payment schemes is that after 10 years it provides capital sums or income that are free of income tax, higher rate tax and capital gains tax. The tax credit available on these plans is really the icing on the cake as far as tax planning is concerned.

The unit-linked life companies have been steadily designing contracts to provide maximum investment for the investor to give a complete flexibility in the payment of benefits — the so-called "greenhouse" plans. Life brokers today have to understand the workings of such plans and how they compare with other forms of investment.

But this is just the start. There is now a plethora of such plans on the market, issued both by the new unit-linked life companies and those traditional life companies which have entered the linked field. The brokers in advising clients need to study the various companies, their investment tradition and future prospects.

The life broker in the 1980s has to be a tax planner and a financial adviser. With the linked life contracts, investment can be made into a variety of underlying funds—equity (both UK and overseas), property, fixed-interest, cash or a mixed fund, where the life company decides on the mix of underlying investments. Most life companies now have a switching facility to enable investors to move between funds without incurring capital gains tax. Brokers are being more involved in advising on these switching operations.

The traditional life companies are now following the linked companies in providing contracts with tax efficiency and flexibility while still preserving the underlying guarantees inherent in with-profits contracts. The broker has to evaluate these plans and be able to compare them with unit-linked schemes—and then explain and recommend to his client. This is a complex task considering the number of life companies and products on the market.

## Sources

Leading life assurance brokers Towry Law publish a regular breakdown of the various sources of business. On the life assurance side over one-third of its business is pure savings and financial planning. The company is becoming more involved in advising on unit trusts, life assurance single premium bonds and regular savings plans. Protection forms a much lower part of its business compared with a decade ago.

There are two particular areas of financial planning where brokers have specialised in providing advice—school fee planning and capital transfer tax (CTT) mitigation. Life assurance contracts can be used to particular advantage in these areas and the role of the broker is vital.

Yet such are the complexities that only a very limited number of life brokers have specialised in school fee planning, while CTT planning tends to be concentrated in the hands of the larger brokers with whom the client needing this advice deals and where the back up staff can be provided.

The other growth area for life assurance brokers is concerned with personal pension contracts, primarily for the self-employed. The development of pensions business within broking organisations has been varied, but in many, a separate department has handled company pensions but the life department still deals with personal pensions business.

In this sector, the developments of the past decade in designing personal pensions, both traditional and unit-linked, has made the broker more of an investment adviser and financial planner. It is no longer a matter of picking the best with-profit life company and leaving the rest to the client. Advice has to be ongoing, in particular the broker is now being involved in advising his clients on the timing of retirement in order to maximise the pension.

To provide a complete service, the life broker needs to spend a lot of time and effort just keeping up-to-date in the latest developments in product design and on the performance of life companies. The new regulations impose on the broker the need for independence, meaning that he must deal with several life companies. The British Insurance Brokers Association through its journal, its news letters and educational courses is endeavouring to keep its life members informed of the latest position.

The life brokers are questioning the remuneration received in the form of commission paid by the life companies. The non-broking intermediary, only dealing through one or two life companies, gets similar remuneration, but has far less overheads. The brokers are seeking agreement on a form of differential commission system from the life companies to reflect the special services offered by brokers. But as yet no substantial concessions have been obtained by the brokers.

This is of particular relevance to life brokers, who are seeing their share of the market remain static or slowly decline in the face of competition from the direct salesmen attached to a particular life company. The new life business results for 1979 show that most of the growth last year came from those life companies that get their business primarily from their own field staff. The lesson of 1979 is that all life intermediaries have to go out and sell—and this applies to life assurance brokers.

**Eric Short**

# Complex involvement in reinsurance

OVERCAPACITY IN world insurance markets has provided reinsurance brokers with a bewildering array of dubious *opportunities. Much of* this capacity has only recently emerged and has been described as "innocent capacity."

It is described as innocent because a high proportion of reinsurance and insurance executives have never experienced the effects of a really major international loss. Even Hurricanes Frederic and David have done little to shake out the newcomers. The new capital which is coming on to the market is underwritten by these relatively inexperienced underwriters who are receiving the business from relatively inexperienced brokers.

There are new reinsurance markets developing rapidly; new market places are emerging such as Bermuda, the New York Insurance Exchange, the New York Free Zone as well as the possibility of insurance exchanges in other States within the U.S.; there is the growth of captive insurance companies; Government and United Nations-inspired regional reinsurance markets; and the growth of underwriting agencies.

## Dominated

Reinsurance markets are dominated by a world-wide *weakness in premium rates;* an increasing number of new entrants to the market; the ability of brokers and the ceding companies to take *maximum advantage of present* market capacity; a shortage of professional reinsurers with a wide expertise and experience of the problems of funding for *large losses; and high interest* rates which have stimulated a tendency to underwrite merely for cash flow purposes.

Against this background members of the insurance world have criticised the role of the reinsurance broker.

The reinsurance broker's function has become more complex over the last few years. The "jumbo" risk has had to be insured throughout a wide range of markets. Many risks *are co-insured, reinsured,* occasionally the subject of reciprocal exchanges, retroceded, re-retroceded and at each stage may have catastrophe protection arranged.

The basis of each transaction may differ; national frontiers may be crossed and re-crossed and the sums involved be converted and reconverted into different currencies involving perhaps exchange control problems; the terms of the business may be translated and re-translated from one *language* to another and at each stage possibly losing some important qualification which affects the operation of the cover.

Reinsurance brokers are often blamed for the muddle and confusion; they have been described as parasites who prey on the pure relationship which exists between a reinsurer and his client. They are said to contribute nothing to the relationship and only add to cost.

The criticisms are often lodged by reinsurers who have had their premium rates shaved to the bone by the pressures of overcapacity. Paying out *brokerage on top only adds to* the injury of accepting business at uneconomic rates.

Moreover, the reinsurers claim, there is an unacceptable *delay in the transmission of cash* between the broker and underwriter as the broker attempts to gain the maximum return from high interest rates. The broker *argues that a good intermediary* will often transmit very substantial funds to his clients in anticipation of a subsequent recovery from reinsurers. It is a *service which is not specifically* remunerated and the cost is covered out of brokerage and investment income.

Handling money on behalf of clients and reinsurers can be expensive for the broker. This is an important factor for many UK brokers who now, after a *change in their systems, handle* 12 separate currency accounts. Historically they had only worked with three.

The brokers dismiss the reinsurers' criticisms with a couple of convincing arguments: first, that as brokers they have a duty to obtain the best rate for their clients; second it would not be in their interests if reinsurers' rates were forced to such an uneconomic level that security and service suffered. Capital bases cease to expand, costs are cut, claims are not paid with the necessary facility and the reinsureds begin to be affected.

## Disputes

In these circumstances there could be a loss of goodwill to both parties and that is in nobody's interests. But while the prudent reinsurer gives battle to the broker, other markets are not so worried. As risks and covers become more complicated, and as the number of reinsurance practitioners becomes geographically more widely dispersed and technical expertise more thinly spread, so problems arise in the form of disputes.

Often the disputes are a direct consequence of a breakdown in proper communication rather than of deliberate misrepresentation. But the consequences can be serious.

London brokers have been criticised for providing reinsur*ance underwriting management* company services for overseas reinsurance groups. The operations rely solely on brokers for production of their business, *but more often than not because* they are part of a broking house they are served by a related broker. The underwriter is remunerated by a commission charged on turnover and the overseas insurer, relying on the underwriting result, is dependent on two operators servicing him, but neither of whom carry any part of the risk but both of whom exist by generating volume.

The broker has a ready *market and in a long-term business* such as reinsurance it takes a management with some willpower not to respond to volume underwriting of doubtful business. Many overseas insurers and reinsurers have found that the experience has cost them dear.

But while the criticisms may mount both brokers and insurers have realised that there is a need for an increased professionalism on the part of the reinsurance broker. While the reinsurance broker remains essentially the consultant expert he now no longer has to think only of the outgoing reinsurance needs of two or three companies.

He is expected to bring income back to his ceding company customer. He needs a knowledge of the reinsurance market not only in his own country but he must, either from his own resources or through a foreign broker, bring to his client the facilities of the reinsurance markets of the rest of the world.

Reinsurance broking is very competitive at the moment and those brokers that are gaining *on their rivals have a detailed* technical and international knowledge of the subject. Even so, the less professional are managing to survive simply because they are *dealing with new* markets which are as inexperienced as they are.

**J.M.**

# Transatlantic harmony hits jarring note

THE CLOSER transatlantic links that were carefully being nurtured by U.S. and British insurance brokers over the last couple of years got a jarring shock on December 17 last year. *That was the day America's* Marsh and McLennan, the largest insurance broker in the world, announced that it was considering making a £250m *takeover bid for C. T. Bowring,* the UK financial services company with substantial brokerage interests at Lloyd's of London.

The bid sent tremors through the brokerage community for a couple of reasons. Clearly, it ranked among the biggest deals of its kind. But more significant for the insurance industry, it marked a wholly new approach to the consolidation of the U.S.-UK brokerage business.

Not that this was the first merger attempt. But it was the first unfriendly takeover bid and as such constituted a sharp departure from the cosy accommodating ties that other insurance brokers were trying to forge.

In a sense, it is not suprising that it should have been Marsh that adopted this tactic. Besides being a very large organisation (annual revenues exceed $500m), it is bent on growth but unable for anti-trust and other reasons to satisfy its needs in the U.S. market. So it was bound to go for a major acquisition abroad, with the British market an obvious target because of its importance to world insurance.

## Reactions

The Marsh bid is now going through the regulatory process on both sides of the Atlantic, and it could be some time before the outcome is known. But it *has already provoked sharp* reactions within the brokerage community.

If it succeeds, it could set a precedent for further takeovers by U.S. brokers, most of whom are keen to get closer to Lloyd's. Although few brokers are willing to discuss their plans openly, many have indicated privately that they would not rule out takeover bids or equity acquisitions of their own, though some qualify these as "defensive moves" to protect whatever ties they may already have with members of the London market.

But the Marsh bid *has also* sparked fears among some members of the insurance community that it could trigger a string of takeovers which would weaken competition and lead to poorer service all round.

One person who feels particularly strongly about this is Mr. Richard Purnell, chairman of Johnson and Higgins, a private firm but if ranked alongside the publicly quoted groups, the third largest U.S. insurance broker. He warns that the trend towards consolidation of U.S. and London brokers will impair the diversity of the Lloyd's market. It could drive many small and specialised concerns from the scene completely, he says, and greatly reduce British control over its insurance business.

He also argues that consolidation will not bring about any reduction in fees because brokers on both sides of the Atlantic will still have to be compensated. He further questions whether London insurance professionals would enjoy working for a firm controlled from the U.S.

If this sounds more like a British broker speaking than an American, this is not surprising. Johnson and Higgins is the oldest U.S. brokerage house, and as such tends to take a *more patrician view of events.*

At the other end of the spectrum, U.S. brokerage houses resent the rather clubbish way Lloyd's keeps business to itself. They argue that they should be allowed to compete on an equal basis, partly because they are a huge source of business for Lloyd's, partly because it is the American business ethic and not the British old boy network that counts in the second half of the 20th century.

Generally, though, U.S. brokers seem to be adopting a "wait and see" attitude until they know the results of the Fisher Committee. This investigation is widely expected in New York to recommend some favourable change in the rule barring outsiders from owning more than 20 per cent of a Lloyd's member firm.

Although various U.S. firms have already found some way round *this rule, an explicit* change would be an encouraging sign. Mr. Ken Soubry, chairman of Alexander and Alexander, says, for example, that the discussions his firm is having on a pooling arrangement with Sedgwick Forbes Bland Payne of London have paused until the committee's views become known.

Other U.S. companies which already have 20 per cent of a *Lloyd's member* will *almost* certainly consider increasing this share, given the chance. Mr. Bob Corroon, chairman of Corroon and Black, says his *company* would *give careful* consideration to increasing its stake in Minet Holdings above the 20 per cent already agreed. But he noted that while the "bottom line" would influence the decision, Corroon's would only go ahead if the purchase could be done on a friendly basis.

**David Lascelles**

# INSURANCE BROKING V

# Takeover bids enliven shares

THE STOCK market is awaiting the coming results season for insurance brokers without enthusiasm. On average, profits for the quoted companies are likely to have fallen, perhaps by more than a tenth. Prospects for 1980 also look poor at this stage, with sterling obstinately firm, especially against the dollar, and costs shooting up rapidly.

Investment interest in the sector has, however, received something of a shot in the arm from the takeover activities of several of the big American broking groups. The key event here has been the bid by Marsh and McLennan for C. T. Bowring, while several other UK brokers are involved in pooling and other discussions with U.S. operators. The takeover precedent was set several years ago by the acquisition of Leslie and Godwin by Frank B. Hall.

Takeover speculation has helped to lift sector share prices out of a relative slide that began early in 1978 when the sector index stood at around 160 per cent of the FT-Actuaries All-Share Index. At the worst point, when sterling reached very high levels last July, this sector's relative strength indicator had fallen to around 90. Then the relapse of the sterling exchange rate coupled with takeover interest encouraged a rally to 120 at one time in January this year, since when it has drifted back again to 110 or so.

The slide has meant that the once glamorous insurance brokers sector has lost status to the extent that the average yield is more than on the broad market indices, and although the p/e ratio is still higher than normal, the margin is not great. Why has the sector lost so much esteem in the eyes of investors, bearing in mind that brokers' shares used to be reckoned almost inflation-proof, in a way that brought them into heavy demand at a time of accelerating price rises?

The formula used to be that insurance premiums (and therefore brokers' commissions) rose faster than inflation, while sterling could be counted on to depreciate at least as rapidly as UK costs were rising. Bearing in mind that high interest rates were often obtainable on the brokers' usually healthy liquid balances, the outcome was rapid growth. According to stockbrokers Sheppards and Chase's new sector study, pre-tax profits of the typical listed UK insurance broker jumped by 65 per cent in 1976 and by another 27 per cent or so in 1977.

## Wrong

But growth was only slight in 1978, and since then profits have gone into decline. Several factors have gone wrong at once. North Sea oil has given a sharp boost to sterling, so that running a business with largely sterling costs but mostly dollar revenues has become no joke at all. Moreover, world-wide underwriting over-capacity has developed, leading to severe pressure on premium levels in many lines of business. It has also meant that much U.S. domestic business placed at one time with Lloyd's in London has gone back across the Atlantic.

At least interest rates continue to be a positive factor. But in other respects brokers have been forced on to an austerity policy to cope with UK costs, and have tried as best they can to improve their links with the vital American market—which still generates nearly half of all global insurance premiums.

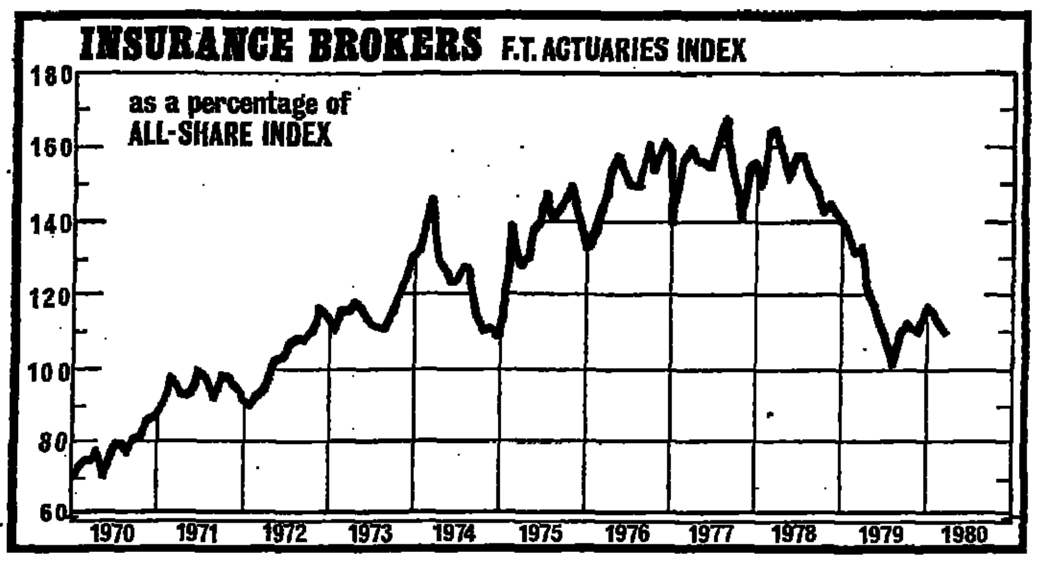
There can be no substantial improvement until either sterling weakens—there is no real sign of this happening at present—or there is a reduction in the degree of excess world-wide underwriting capacity. The only real crumb of hope lies in the collapse of dollar bond prices, which may put pressure on the solvency margins of U.S. insurance companies and reduce their voracious appetites for premiums. So far only aviation rates have shown tangible signs of recovery.

In these circumstances expert analysts of the sector are generally still taking a fairly cautious line. Stockbrokers Kitcat and Aitken, for instance, point out that brokerage growth is likely to lag the growth of expenses in 1980 by a still significant margin. Even though interest income (accounting possibly for over 50 per cent of the pre-tax total for the average insurance broker) will to some extent come to the rescue, profits may well show a further deterioration.

Kitcat consider that it may be too soon to look ahead at all enthusiastically to the possibility of a recovery in 1981. There is a slightly more positive view at Sheppards and Chase, however. Here, the expectation is of broadly unchanged profits for 1980, and it is suggested that in due course the sector could begin to discount an improvement in insurance premium rates next year.

Among the individual shares the most speculative is clearly Bowring, and all the infighting over the possibility of a Monopolies Commission reference has shown how crucial the Marsh and McLennan bid is seen to be by the London broking community. It has come after the series of scandals and crises at Lloyd's which could lead to substantial changes at this venerable institution, through which the listed insurance brokers derive the great bulk of their business.

Thus there is considerable discussion about the future of the so-called 20 per cent rule, whereby no non-Lloyd's broker can normally hold more than a one-fifth stake in an approved Lloyd's broker or underwriting agency. In the case of Leslie and Godwin, however, a cosmetic device was found under which Rothschild Investment Trust acquired 75 per cent of L and G's interest at Lloyd's, with Frank B. Hall holding only 25 per cent. It seems that the Committee of Lloyd's will also allow M and M to hold 25 per cent of Bowring's Lloyd's operations.




Speculative bid interest has at times recently extended to other brokers like Hogg Robinson, C. E. Heath and Minet (in the last of which Corroon and Black has been somewhat slowly building up a 20 per cent stake through the market).

On purely trading grounds, however, Heath and Minet are likely to be badly hit in the short term because of their high degree of dependence on dollar revenues. A slightly steadier performance could be achieved by groups like Willis Faber, and the biggest of the lot, Sedgwick Forbes Bland Payne (where the market has recently had to absorb the placing of the remaining 10 per cent stake held by Midland Bank).

The best 1979 outturn could well be achieved by Alexander Howden, where a modest improvement is possible. But this will mark only a partial rally by this one-time growth star after the sharp fall from grace in 1978 when expenses for a time got out of control.

City interest in the activities of the big American brokers is by no means limited to the extent of their involvement in takeover and other discussions with brokers in London. Since the ending of exchange controls and the abolition of the investment dollar premium British investors have been able to make direct comparisons of the appeal of the shares of British and American insurance brokers.

With both revenue and costs almost entirely in dollars, U.S. brokers are not hampered by the currency problems being experienced in London. Moreover U.S. short-term interest rates are extremely high, which should be on balance of some help. But like the London brokers they have been troubled by the weakness of premium rates.

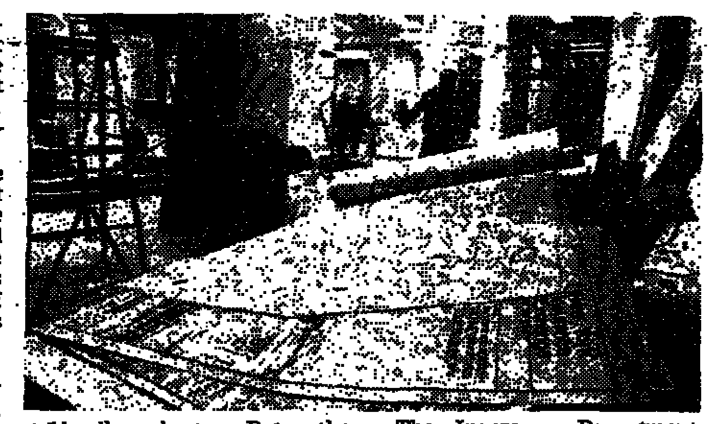
The Americans have already announced their 1979 figures, and these have generally shown a modest degree of growth, with M and M, the largest, up 12 per cent to $166m pre-tax, representing a fairly typical growth rate. These U.S. shares have tended to be a little weak against the U.S. equity market as a whole during the past year, and for British investors there is the further problem of the weakness of the dollar against sterling.

But British institutional investors are nevertheless likely to become more active buyers of the U.S. shares, and it is important to note that M and M included an element of equity in the terms of its offer for Bowring. If there are any further takeover bids for UK brokers there is a chance that substantial shareholdings in some of the big American brokers could be built up on this side of the Atlantic.

**Barry Riley**



# New York's challenge to Lloyd's



A PLAQUE on a corner building just north of Wall Street notes that a battle took place close to that spot in 1770 at which the first blood was shed in America's fight for independence from the British.

By a striking coincidence that building — 59, John Street — also happens to be the future home of New York's proposed Insurance Exchange, a venture that some people say marks America's latest bid to shake off the British yoke — seen this time in the shape of Lloyd's of London.

The Exchange is loosely modelled on Lloyd's in that it has a trading floor where brokers can shop around among underwriters in "boxes" for the best insurance deals. But it differs in two major respects. It admits corporate as well as individual members and it limits the underwriters' liability. The Exchange is expected to write mainly re-insurance, but it can also write all types of foreign direct risks, and risks which have been rejected by the New York Free Trade Zone.

Whether this much-publicised venture will shape up into a major challenge to Lloyd's remains to be seen. But the first indications will come only a few days from now when the Exchange finally opens for business on March 31. (The original opening date was to be April 1, but that was thought to be inauspicious.)

Several things are working in its favour. The New York insurance industry has fought for years for an exchange free from the heavy regulatory burden that characterises insurance in New York State. Many members of the industry see it as a means of repatriating to the U.S. some of the business which is currently exported to Lloyd's.

The Exchange also has the strong political backing of the State's leaders, who expect it to bring new business to Manhattan and create more jobs. Without this political backing, it is doubtful that the enabling legislation could ever have got on to the statute books.

The response to the Exchange has been encouraging, though not overwhelming. At the latest count it had 15 underwriting members, among them many of the largest U.S. insurance companies, and 40 broking members, again including most industry leaders. This is somewhat than hoped (sponsors predicted that the exchange would open with 20 underwriting members). The Exchange's backers claim, however, that many more potential members are waiting on the sidelines.

Several brokers and underwriters have set up management groups to handle syndicates of outside investors. And the big Wall Street investment brokers like Merrill Lynch say they are watching the project closely to see what investment opportunities it offers.

If all goes well, the Exchange could write anything up to $150m in business its first year —which is peanuts compared to the billions of dollars written at Lloyd's each year. But as the Americans never tire of saying, Lloyd's took centuries to get where it is today; New York intends to move a little faster.

To get an idea of how much business it is likely to generate, the Exchange has sent out questionnaires to its broker members. The results should be available later this month.

There is no hiding the fact, however, that the Exchange's birth has been long and painful. Moreover, the strains of putting it together have opened up divisions within both the insurance industry and the State Government which do not bode well for the infant project.

Critics claim that the Exchange has failed in its aim of being genuinely free of regulation. They point out, for example, that all of New York's insurance laws (three thick volumes) will apply to the Exchange unless specifically excluded. So the bias is in favour of, rather than against, regulation. As a result, the Exchange has ended up with several hundred pages of rules and regulations which, as one observer put it, "is pretty funny for an entity that was supposed to be self-regulating."

## Pitted

The row over the degree of regulation has pitted the New York State Legislature against the State Insurance Department, the branch of the bureaucracy that supervises the insurance industry and which was charged with approving the Exchange's rules.

Alarmed by reports that the insurance industry might desert the new Exchange, the State Senate recently set up a task force to determine whether charges of over-regulation were justified. If they are, the Legislature wants to change the law as soon as possible to ensure that the Exchange gets off to a good start.

The lawmakers' concern was heightened by the fact that the States of Illinois and Florida are both setting up competing exchanges with what look to be more attractive regulatory environments. In Illinois, for instance, the enabling legislation says that none of the State's insurance laws will apply to the Exchange unless specifically invoked. This is the exact opposite of the situation in New York. "Illinois is learning from all our mistakes," said one New York insurer.

The Insurance Department, piqued by suggestions that it has been over-zealous, has vigorously defended itself. Mr. Albert Lewis, the Superintendent of Insurance, says a certain amount of regulation is essential to protect consumers and the insurance industry itself. He also warns that if he does not regulate the Exchange, the Federal Government will—and that would be bad for everybody. Even so, he does not believe the Exchange is over-regulated. "I have not refused a single request for a regulation waiver," he claims.

Ironically, Mr. Lewis does not lack allies in the insurance industry. While most insurers want to get rid of regulation so that they can compete more freely and effectively for new business, others see regulation as a bulwark which protects their position in the market. Thus companies with established positions in the kinds of business covered by the Exchange tend to favour a regulated market. Others, seeing the Exchange as a means of breaking into new grounds, want the freest possible environment.

For similar reasons, brokers tend to be keener on deregulation than the underwriters because the more competitive and complex the marketplace, the greater the need for their expertise.

Two tax issues have still to be resolved by the Internal Revenue Service (IRS) before the Exchange can operate effectively.

The first is whether syndicate partnerships on the Exchange will be treated as corporations or partnerships for tax purposes. This is an important question since it will determine whether the Exchange will be attractive to private outside investors, Lloyd's-fashion. The fear is that the IRS will rule that they are corporations, in which case investors will have to pay tax at two levels — on corporate profits and on dividend income. On the other hand, if the IRS rules they are partnerships, they will pay tax only once.

The IRS has also to determine formally whether syndicates will qualify for the special accounting provisions of the tax code established for insurance companies. The indications are that it will.

**David Lascelles**

# Pensions field makes increasing demands

THE NEW State pension scheme has now been in operation for two years, a period that has been free from further legislation impinging on company pension schemes. The pension consultants have been left free to concentrate on digesting the effects of the 1975 Social Security Pensions Act which set up the new scheme. They have been able to direct their efforts on esuring that company pension schemes operate smoothly and are doing the job they were designed for.

When the new State scheme came into being, it represented the culmination of two decades of political infighting in the attempts to design an earnings-related scheme acceptable to all. It also represented the transformation of the pension operations of major and medium insurance broking companies from pure pensions broking to autonomous full-blown pension consultancy services.

Insurance brokers first ventured into the pensions field several years ago purely to market the insured pension schemes designed and managed by life companies. The field of self-administered company pensions was the sole prerogative of the consulting actuary. This marketing of pensions was a pure broking operation and the broker involved received a commission from the life company in the same manner as for any other insurance broking operation.

## Character

Over the years, these pension operations have changed completely in character. Brokers became involved in designing pension schemes firstly in conjunction with life companies and then with client companies running their own schemes.

This meant that brokers became involved with clients in discussing benefit levels, handling the negotiations with the Inland Revenue and above all costing out the benefits and advising employers on funding rates—the amount of contributions to be paid into the scheme over the foreseeable future. While brokers were operating through life assurance schemes, the life company did the calculations and provided the actuarial expertise.

But once brokers became involved in self-administered schemes, they found it necessary to provide their own actuarial services. Not only are these required at the outset to cost the scheme: Pensions schemes also need to be valued periodically to check the financial health and to calculate what contribution rates are needed for the future. The insurance brokers had to provide a full in-house actuarial service—a move that has incurred a certain amount of guarded criticism over the independence of such actuarial work.

At the outset the actuarial staff were recruited fully qualified from life companies and consulting actuarial firms. Now the brokers are seeing their own staff qualify as actuaries.

Finally, to complete the transformation, the pension operations within insurance broking companies have moved from a commission to a fee-paying basis. Now the client pays for the work done and the services rendered, any commission received being used to offset those fees. It is usual for such operations to receive well over three-quarters of its income from fees.

Moreover, these pension operations no longer run as a department within the main insurance broking company. They operate as separate subsidiary companies with a high degree of autonomy in their operations, having separate financial control from the parent. Often the pension operation is located in a separate building with its own computer independent of the computers with the main insurance broking company. It will quite likely have clients that have no other connection with the main insurance broking operations, though generally clients will have a strong connection with the main broking company.

The pension consultant arms of insurance brokers, as members of the Society of Pension Consultants, played an important part in the negotiations with the last Labour Government in ensuring that the new state scheme and the role of company schemes within the set-up would work satisfactory. There were many snags to be ironed out from the first blueprint, but the consultants were quick to realise that they could operate successfully within the proposed framework.

But the expansion in the field of operations of the pension consultant companies of insurance broking firms has not been confined to pensions. They are now becoming more involved in the whole field of employee benefits, of which pensions is just one aspect, albeit the most important. Employers are now appreciating the need to consider the overall remuneration package of employees, particularly senior executives. And they are looking to their pension consultants to provide this service.

## Worldwide

The pension consultants, like the main insurance broking operations, are having to be international in the services they provide to clients. A large multinational company likes to deal with one consultant in its worldwide operations regarding employee benefits. Companies not only need advice on remuneration levels and social security benefits for their expatriate staff. They are endeavouring to adopt of common employee benefit approach for all the companies within their organisations.

Thus the pension consultant dealing with a multinational client will now be expected to know and understand the social security systems of the countries in which the client operates. This is being achieved both by the UK consultant making reciprocal arrangements with leading benefit consultants in various countries, and also by establishing branches in those countries where it is getting closely involved. This development, still in its infancy, is likely to be one of the main growth areas for UK pension consultants in the 1980s.

But what developments in the UK benefit scene will involve pension consultants in the next decade? The first obvious area lies in the field of pensions administration.

Not surprisingly, the new State pensions scheme and the role played by company schemes is extremely complex. The consultants have had to design quite sophisticated computer administration procedures in order to get the scheme working satisfactorily. The average employee is more impressed by the prompt payment of his pension than by any investment coup. In this field the consultants are very much overlapping with the services offered by the life companies.

Next, much more emphasis is going to be placed on investment performance of pension schemes as employers demand value for money and look to the investment achievements to keep down contribution costs. The consultants, probably wisely, are not getting directly involved in investment management. There are enough services in this area.

But they are being involved first in recommending one or more investment managers, deciding on the type of investment set-up and in monitoring the performance of the investment managers. Some very sophisticated monitoring services have been designed by various consultants and one wonders whether they have not been so carried away by the means that they have ignored the ends.

But employees are not going to appreciate fully what the company is doing for them unless they are told in a language that they understand. Pension consultants were literally thrown in at the deep end over employee communications in the run-up to the new State pension scheme. In almost all cases their client companies required the consultants to handle the consultative processes required by legislation. Consultants had to hire professional expertise in the field of audio and visual presentation.

This is, however, an ongoing exercise. Employers require regular benefit statements and regular information on the progress of their pension scheme. Employees are becoming more involved in the management of the schemes. The consultants now offer pension trustee courses for clients to ensure that this branch of employee participation does work.

**Eric Short**



# Measures to ensure clients get a fair deal

THE PRESENT climate in the UK is one of total protection for the consumer, even from his own greed and folly. The precept of "caveat emptor"—let the buyers beware—seems to have completely disappeared.

Insurance is a tricky area for consumer relationships, with the role of the insurance broker extremely sensitive. The general public do not understand insurance and are not prepared to take any trouble to learn what is being sold to them. All too often they place themselves completely in the hands of the insurance intermediary on such matters.

The insurance broker is offering the consumer something more than the direct insurance company salesman—he is providing an unbiased and independent insurance advisory service as well as broking the insurance with the best possible insurer. So as far as insurance brokers are concerned, the consumer wants two matters satisfactorily resolved.

First, he needs to know automatically that the person he is dealing with is competent, unbiased, financially sound, with a high level of professional integrity. Secondly he needs to know that he can obtain redress for any shortfall in the professional standards of insurance broking. This is the aim of the Insurance Brokers (Registration) Act 1977—to ensure that the consumer gets a professional service from brokers.

Mr. Charles Hall, Consumer Relations Officer of British Insurance Brokers Association

## Registered

The Act lays down that all persons wishing to trade as insurance brokers must be registered — and registration takes two forms. The first register is for individuals. To get on this register they need to show that they have the necessary experience qualifications—basically an examination plus an experience qualification. The broker has to show competence in a field that is becomin gprogressively more complex.

Secondly, there is the trading register, under which all trading entities, from the largest multinational to the one-man high street operation, have to obtain admission in order to trade as insurance brokers. For public companies the majority of the Board have to be accepted on the individual register. For partnerships and sole traders, all must be on the individual register. But this is only the first step.

The trading concern has to have a minimum required capital base and submit regular accounts in the prescribed manner. It has to keep clients' money separate from other capital and assets and has to demonstrate solvency regularly. This ensures that the broking firm with which the public is dealing is financially sound and not likely tolose money in the event of a failure.

Then the broker has to agree to abide by a code of conduct laid down by the Act. This is very much in a Mosaic Code form of do's and don'ts, with three main codes and 17 subcodes. It would take an article in itself just to describe the various clauses in the code. But as far as the consumer is concerned, the broker has to affirm that he will put the client's interests first at all times.

In the past there have been certain brokers who have been tied very much to one particular insurance company, channelling most of their business to that company purely for commission reasons. The client's interests have taken second place. The Act puts a stop—at least in theory—to this practice. Brokers have to make returns annually to the Registration Council that administers the Act, setting out the number of insurers dealt with during the year and quantifying the various sources of brokerage.

This covers the first requirement of the consumer—that he can deal with a broker in the confident knowledge that he or she is honest, reliable, financially sound and independent. But what about channels of complaint?

To register under the Act, brokers have to take out professional indemnity insurance. So the consumer can pursue through normal legal channels financial recompense from brokers for negligence, breach of professional duty or simply errors and ommissions.

Then the Registration Council has power under the Act to levy from brokers contributions for a central fund which would ensure that consumers would not suffer financially should a broking firm go insolvent, or through any other event. The Act itself will not stop a broker from absconding with the assets of the firm.

Finally, the consumer has the right to complain to the Registration Council. All registered brokers have to display in any each of their offices where business with the public is done a notice showing the code of conduct and setting out the consumer's right to make a complaint through the Registrar to the Council.

The Registrar would in the first instance sort out the genuine complaints from the trivia. These would then go to the Investigating Committee, which would consider the case, ask for further information and make further enquiries.

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If this committee considers that there is a case for the brokers to answer it is passed to the Disciplinary Committee. The latter would formally consider the case — and it has powers to discipline the broker if it considers the complaint is justified. This would take the form of an admonition—equivalent to being shown the Yellow Card — or ordering the broker to be struck off the list — the Red Card. The broker has the right to be legally represented at this bearing and there is an appeals procedure.

This is the legal position, but in practice the consumer will also get protection from the British Insurance Brokers Association (BIBA) — the main professional body for insurance brokers — though there is another body — the Institute of Insurance Consultants.

BIBA is endeavouring to help the consumer by first providing an education and information service to its members to raise their standards and then keep them informed of the latest changes.

## Opportunity

BIBA has a regional organisation, each region with its own public relations officer. His task is to liaise with the local Press, radio and even TV on insurance matters. It is a good opportunity to present the professional role of insurance brokers and from inquiries made, it is being put to good use.

Secondly, BIBA at its head office has a Consumer Relations Officer, Mr. Charles Hall. BIBA hopes that it can sort out most of the consumer's complaints relating to its members — brokers do not have to belong to BIBA — and that there will be no recource to the Registration Council unless the complaints are really serious. In 1979, Mr. Hall handled 636 complaints — representing a very small percentage of cases handled by its members. Of these 44 cases related to motor insurance, always a tricky area, and 151 complaints simply related to the wrong broker quoting the premium.

On the evidence so far, the consumer seems to get a fair deal from brokers.

**E.S.**

## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# A monopoly tries to connect with the market

In an attempt to give consumers a better telephone service, Post Office Telecommunications has just been reorganised. **John Lloyd** reports.

"TELECOMMUNICATIONS," said Gordon Pocock, "is bursting out all over." He appears pleased with the thought.

The new head of Post Office Telecommunications marketing is a skinny, bright-schoolboyish man who does not look as though he has been employed by the Post Office since 1954. His *present task, the most testing of* his career, is at one and the same time to encourage this communications efflorescence and to ensure it does not burst out too far.

*The job is testing* for at least two reasons. First, the corporation has no very sparkling record of aggressive salesmanship, so Pocock must start virtually from scratch. Second, the issue of the Post Office's monopoly over the telecommunications network, and its supply of most apparatus, is now firmly in the political arena.

Sir Keith Joseph, the Industry Secretary, has made it clear that he would prefer to see the supply of equipment of all kinds opened up to competition, thus allowing the consumer to buy, rent or lease what he needs from a range of suppliers. The British manufacturers are privately alarmed about an influx of foreign equipment—*though Sir Keith has* conceded that a period of some years might have to elapse before the market is thrown open to overseas, as well as to UK, companies.

*For its part, the corporation* has been taking marketing much more seriously in the two-and a half years since Sir William Barlow became chairman. The reconstruction of the tele*communications business*, in which Pocock is a key figure, was set in train soon after he took over, when Mr. Peter Benton who, like Sir William, was recruited from private industry, was appointed managing director of the telecommunications business.

The drive towards salesmanship had thus gathered momentum by the time the Conservatives took office, placing the corporation in a better position *than it might have been to face* the new challenges the Government is likely to throw its way. Pocock accepts the challenge with apparent calm—though he stresses that a large underlying reason for change is not so much politics, but technology.

"The technology is changing rapidly and it is enabling us to break out of the divisions in our eggbox: one hole for telephones, one for telex, one for data. Old areas are merging and new areas are opening up. Prestel (the Post Office-pioneered viewdata service) is a nice example—the crossing of two technologies, the possibility of interaction between user and information provider. We have had to change our approach to accommodate new patterns."

*At the same time, the old tele*communications executive structure was creaking under the weight of the demands to become market-oriented. The functional structure, in which *divisions were created round* areas of activities like research and development, services, personnel, planning and marketing, spawned an infinity of committees. McKinsey, the management *consultants were called in.* "They drew a diagram to show the interrelationships of all of these committees. It was like a ball of wool: there were 487 of them."

Using the McKinsey report as a base, telecommunications executives decided to sweep away the old functional divisions, and replace them with multidisciplinary executives, organised under two branches of the telecommunications business, each under the control of a deputy managing director.

Trevor Humphries

The Great White Hopes of Telecommunications Marketing: Gordon Pocock (centre), flanked by his divisional managers: Frank Lawson (right), Director of Customer and Residential Service, and Dr. Alex Reid, who on April 1 moves from the Prestel programme to the post of Director of Business Systems.

One of these branches takes in finance and management services, personnel and procurement: the other, where most of *the innovation has been con*centrated, is concerned with technology and marketing (and their inter-relationship).

It has four executives: technology, which oversees all research work, and is responsible for the System X digital exchange programme; international, responsible for overseas services, satellites and radio transmission; network, *which* plans and *provides* domestic transmission and switching; and last but most important, marketing.

Pocock is structuring his executive with U.S. experience in mind; there, the giant AT and T and the much smaller, number two operating company, General Telephone and Electronics have both, in the past two years, taken care to become more service-oriented.

"I saw both AT and T and GTE," says Pocock. "On the whole I preferred what GTE had done. But the basic plan is hybrid of my own. The underlying thrust of it is to attack market by market, and the main division I have made is between residential and small businesses on the one side, and larger businesses on the other."

The residential/small business sector is by far the largest in numbers of lines. There are between 16m and 17m lines in the UK. 3m business customers of whom only 350,000 have more than one line, of whom in turn only 300 are large enough to think it worth while employing a communications manager.

The director of customer and residential service, Frank Lawson, *thus has the satisfaction of* being able to go for volume; while his colleague, Alex Reid, newly promoted to director of business systems from Prestel, will find, as his title suggests, that he is part of the considerable and complex effort now being devoted to configuring the office of the future.

Reid, who has nursed Prestel since its beginnings, will not give it up. Direct responsibility will go to Richard Hooper, who previous*ly* headed one of the system's main information providers, Mills and Allen—but Reid will bring it with him into his new empire. The system is being seen, as Pocock suggests, *as a catalyst, capable of finding* new applications within different businesses, especially in "closed user groups"—that is, users who create their own data base co-operatively and *share it through the medium of* Prestel.

The "engine" of the marketing machine is, according to Pocock, a market intelligence unit. The unit will forecast needs and trends, and, most important, engage on sector studies, seeking to identify communication patterns and demands even before they exist. "Take travel agents, for instance. *Their job is basically* data retrieval, finding out times and places, then finding out what the availability is. So, in conversation with them, with their association, our unit could come up with a deal which suits their needs. This is the aim: to develop effective selling packages."

The second large innovation is a product development unit, where engineers design new, or adapt old, products in response *to signals fed back to them from* the market. "This division, like marketing intelligence, works to the two marketing divisions. They are the masters now."

Neither the marketing intelligence nor the development units are entirely new: most of their functions were performed by different entities before reorganisation. What is new is their subordination to the market.

Pocock's enthusiasm for marketing leads him to the bounds of iconoclasm—though there is every indication that the corporation is behind him. "We do have an obligation to British industry in our purchasing policy," he says carefully. "*But* . . . we have to get the things the customer wants. We also have an obligation to make sure that the people of this country have the goodies that technology makes possible. If British business cannot supply it then we have to go elsewhere."

Telecommunications equipment purchasing—a massive part of the £1bn a year investment programme—is among the most sensitive of subjects. Manufacturers alternate between blaming the corporation (with some justice) for holding them back to an obsolescent switching technology while the world goes electronic, then squealing (with some cause) when orders are placed elsewhere but the UK.

The first of these sources of discontent has been staunched *by an accelerated programme* of development on System X: but the second has come to the fore as the corporation begins to practice what Pocock preaches.

In recent months, the Post Office has gone to Canada for a telex exchange (though the supplier will be a subsidiary of GEC-Marconi), to Switzerland for a new design of payphone (though some work will be done by Aeronautical and General Instruments, of Croydon) and—not for the first time—may go to Ericsson of Sweden for a new international exchange in the near future. Although the Post Office has bought from abroad before, and most of these purchases have some British content, their coincidence in time emphasises the corporation's readiness to move, cautiously, into the international telecommunications marketplace.

The subject has become more sensitive since the present Government took office by its declared intention to liberalise the telecommunications monopoly, apparently in the direction of allowing independent suppliers to market phones, telexes, data and other equipment; and possibly, too, allowing telephone networks rented by businesses from the Post Office to be leased to third parties.

Corporation consensus is strongly against the latter, because *of the revenue which* could be creamed off, and doubtful about the first. Pocock is non-committal about apparatus, but strongly supports the purposes which underly the telecommunications monopoly.

"The driving force behind the possible breach of the monopoly is technology. There are so many new services available in the world that it is felt they *should be freely supplied.* I am a strong supporter of the monopoly for one reason: these new services should be publicly available, not privately."

Whether the monopoly is retained or not, Pocock's job will be one of the toughest in the corporation. If it is, he must ensure a rapid enough supply and a wide enough choice of equipment and services to justify its retention in the face of external pressure. If it is breached, he must defend the PO's business against domestic and—in time—foreign competition.

The experience of AT and T, which has been progressively de-monopolised since the late 1960s, seems to show that the operating company possesses an enormous advantage in keeping its customer base. However, AT and T has benefited from having its own manufacturing plants, as well as the world's most famous private research centre, in Bell Laboratories.

The Post Office must use the products developed by manufacturers with whom it has had an uneasy relationship in a marketplace swarming with hungry companies.

But Pocock has a card or two of his own; among them, an apparently free hand to structure his department, a new senior management team with a good track record, the third largest telecommunications network in the world, a captive market for the present, and his own experience of the corporation—coupled with an obvious desire to take off in a new direction.

*He has been 26 years with* the corporation, and early in his career was personal assistant to the then permanent secretary in the Post Master General's department, Sir Gordon Radleigh. "*I recall a senior Post Office* man telling me then that my prime task was to stop the Postmaster General being asked an embarrassing question in the House." More than two decades *on, Pocock is now facing large* questions of his own; much hangs on his finding the correct answers.

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**EXECUTIVE HEALTH** — BY DR. DAVID CARRICK

# Consult an amateur at your peril!

IT IS rare to meet a patient who actually admits that some or all of his afflictions were caused by curious treatments by unqualified practitioners. Driven by the strong human fear of ridicule if they admit that they have actually paid heavily for trouble, such unfortunates often conceal the cause of their troubles, thus heaping obscurity upon confusion. This is all very understandable. After all, would the owner of a new Rolls-Royce who took the vehicle for repair or maintenance to a plumber, simply because he was cheaper than a garage, readily admit to anybody that the resultant damage was due to penny-pinching stupidity? No, he would invent some tale to cover his burning embarrassment.

But the marks of the plumber's tools would not escape the eyes of a good mechanic, whereas some human scars are invisible. Only by chance do the results of curious misadventures of patients reveal themselves, and unravelling the sad and tangled web of such sufferers is rarely easy.

I have met with three such cases recently. Each was involved with different types of magician; the only common link was the huge fees charged for behaviour of a bizarre nature.

The first was a girl who was in a state of great anxiety because the "slimming - firm," which she had been attending, was demanding £150 on top of a similar sum paid out some months before. The "treatment" had consisted of once-weekly sessions of being wrapped up in an electric blanket and boiled a bit.

But a strict diet was also demanded, a diet so remarkably designed as to be almost completely innocent of vitamin C content. The girl, a stubborn child, had actually lost three whole pounds in weight, but was evidently far from well. One of Nelson's surgeons would have made an immediate diagnosis; I was much slower to recognise early scurvy, which is rare in civilised countries these days. Cure of the deficiency was easy; the anxiety state was more intractible.

The second patient was a man who "did not like doctors." I do not blame him for that, but it is difficult to understand why he should have sought advice about an ingrowing toenail from a one-time London bricklayer who had been transfigured into an Eastern mystic complete with a curious type of para-religion. Taj Mahal (or something like that) preached that all ills could be driven out by purification of the body and soul by the elimination of poisons.

Who could doubt the validity of such a thesis? But his methods were more questionable. Ten days on a fluid said to be "holy water" alone may help some people; it certainly did nothing for my jobber's toe—unless transferring the suffering from one small area to the entire body was the object. Had *such a treatment been punish*ment for crime it surely would have given the League of Civil Liberties much to complain about. As the fleshless victim had paid for all this, he would not complain; but mending his toe and building him to normal proportions I found to be most tiresome.

My third experience has not yet ended. It began when an elderly lady and her middle-aged companion, a dessicated and unhappy woman, required certificates declaring that they were "of a sufficient health to withstand the disciplines of the cure"—i.e., the massaging, pummelling, beatings, sweatings, icy-plungings and route-marches.

These were to be followed by "submersion in the radio-active mud-baths," which formed the basis for a selection of other delights. *All these were obtain*able at great expense, in a spa situated in a part of South Eastern Europe where such practices were condemned as criminal some 30 years ago.

*The younger woman gave in* after three days of "healthy" purgatory and is under sedation in a decadent but restful convalescent home. But the older one is sticking it out, and I *may or may not see the re*mains of her one day.

*. . . advice from a one-time* London bricklayer . . .

Now I must make it plain that I could not possibly object to strange treatment being instituted if it could do better than can I; besides, it takes away the valetudinarians for a while or forever.

I only wish that those ductile souls who embark upon expensive methods for mortifying the *flesh in a vain attempt to gain* health, regain beauty or obtain regeneration, would not expect ordinary, simple, mundane qualified physicians to mend the results and attempt resuscitation when they have reached an advanced stage of inanition at the hands of the "un*orthodox*."

This is a polite word for those who must surely be the descendants of the originators of such a therapeutic and remedial engine as the rack.

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# Backbenchers discontented

THE GOVERNMENT would be most unwise to dismiss as "wet" the complaints now beginning to emerge openly from from their own backbenchers about the presentation of Government policies, and some of the policies themselves. As the year has passed, it has become increasingly clear that *both the first Budgt and the* subsequent attempts to check public expenditure have had extremely disappointing results. *Broadly, too much faith has* been pinned on the psychological results of announcing tight monetary targets, too little account was taken of the popular reaction to higher consumer taxes and charges, and many cuts are felt to have been made in the wrong places.

The importance of monetary targets remains central, of course, and the oGvernment is certainly right to reject the urgings of a few of its own supporters—not to mention such distinguished outsiders as Sir Jeremy Morse, who ought to know better—that the monetary restraint should be relaxed to accommodate the inflation which has subsequently *emerged. If it were once demon*strated that monetary targets would yield to wage pressure, rather than the other way round, the whole squeeze against inflation would become ineffective.

### Experience

However, the experience of office has shown that monetary targets are ont readily under*stood by the public at large,* and especially when the Government itself fails to give due weight to them in framing its own policies. We have repeatedly pointed out that a borrowing requirement too high to be consistent with the monetary targets hurts industry through interest rates and the exchange rate.

However, the PSBR is not an adequate measure of the wisdom *of Government policy. If it were* reduced by cutting the real burden of Government, the result would be wholly beneficial—and that would include a cut in the real burden of the EEC budget. A bigger EEC contribution to EEC spending would be helpful in this country, though possibly burdensome in the Community at large. A cut in the cost of financing Government borrowing, through selling public sector assets or innovation in funding, would relieve pressure in the capital markets, though the effective relief in much less *in the former case than the con*ventions of public accounting would suggest. It is the saving in debt service rather than the substitution of one sort of financial asset for another which offers relief.

However, every Government which tries to cut public spending finds itself driven to unpalatable measures which may not be helpful in an economic sense at all. These include cuts in investment, which impinge on the private rather than the public sector, and new or higher charges for *public services. These charges* can be helpful in discouraging waste, but too often means simply substituting one way of "charging," through the tax system, which is seen as broadly fair, with alternatives which are seen as unfair (as in the case of school bus charges) or "inflationary" or both. Some cuts, such as the failure to preserve the real value of child benefits, go directly against Con*servative philosophy and indeed* the election manifesto.

### Reflecting

Conservative backbenchers are reflecting much general opinion when they criticise such policies from a Government which has made so little visible progress in the admittedly, difficult but far more helpful process of cutting the burden of *administration, or the still more* explosive but financially more important queston of public sector pay relativities. There is no clear logic in confronting the more vulnerable workers in publicly financed industries with "reality," but conceding that administrative pay should rise in line with what are denounced as excessive settlements in the private sector.

In short, the Government does not need to be "wetter" to satisfy its critical supporters: in some respects, it could well be tougher. But it does need to be *more consistent, to explain* itself beter, and perhaps to take a longer view. In due course, North Sea revenue will ease many problems. Meanwhile, firmness and fairness will work better than abrasive haste.

# Time for a deal with EEC

WITHIN DAYS of the Budget, Mrs. Thatcher will be riding into battle again at an EEC summit. Her main aim, as it has been for many months, will be to secure a significant reduction in the budgetary cost of Britain's Community membership. "Significant" in this context, means a figure, however it is reached, that is large enough *to be sold as a negotiating suc*cess to British public opinion and satisfy the expectations that the Prime Minister has herself helped to fuel by her initial, much-publicised demand for "broad balance" in the country's financial transactions with the EEC.

### Explosiveness

Negotiations at the Brussels summit, it is universally predicted, will be tough. Some people are already forecasting that the issue will not be resolved until the following nine-nation summit in *Venice in* June. But the boil can, and should, be lanced in Brussels—if the participants can summon *up sufficient political determin*ation. All the other countries, including France, agree that the present position is unacceptable. *Most of them are finally begin*ning to appreciate the explosiveness of the issue in domestic British political terms and the *damage that a failure to resolve* it could do to the entire fabric of the Community. The Commission has done its homework *and the mechanisms for imple*menting a political decision have been prepared. The outstanding question is simply: "How much, *when, and for how long?"*

### Own problems

But Britain's partners are not going to give something for nothing. They all have their own economic problems and both Chancellor Schmidt of Germany and President Valery Giscard d'Estaing of France face re-election in the fairly near future. M. Giscard d'Estaing, in particular, cannot afford to go home to Paris having manifestly given the UK a unilateral concession. A pack*age deal of some kind, at least* in presentation, is inevitable.

Britain has hitherto resisted the idea of a package on the understandable grounds that its case on the budget stands by itself. While that is true, life is unfortunately not always so simple. The UK now seems to accept that other topics, such as lamb, North Sea oil prices, fishing rights and farm prices, must be tackled at the summit in parallel with the budget problem. But the British are right to insist that failure to agree on any, or all, of these other issues should not be allowed to hold up agreement *on the budget. The Brussels* summit is unlikely to devise detailed, definitive solutions to the lamb and fishing disputes, nor is it *going to negotiate a* farm price package.

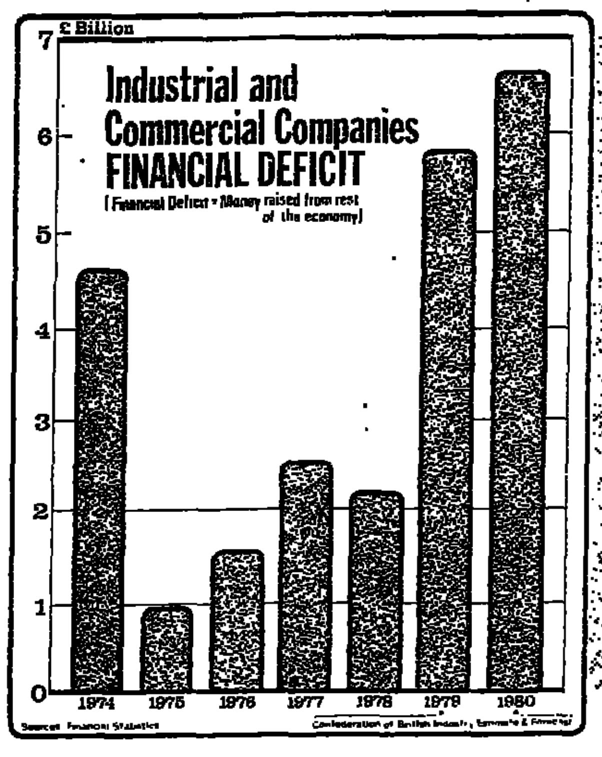
It is high time that the impasse over the budget was broken. The Community has many other pressing issues to deal with. The longer the budgetary dispute continues the greater will grow the danger of British discontent marrying itself to French suggestions that the UK would be better off as an associate, rather than a full EEC member. A fair budgetary deal for Britain is unlikely to be any easier to negotiate in June than in March—it could even be more difficult.

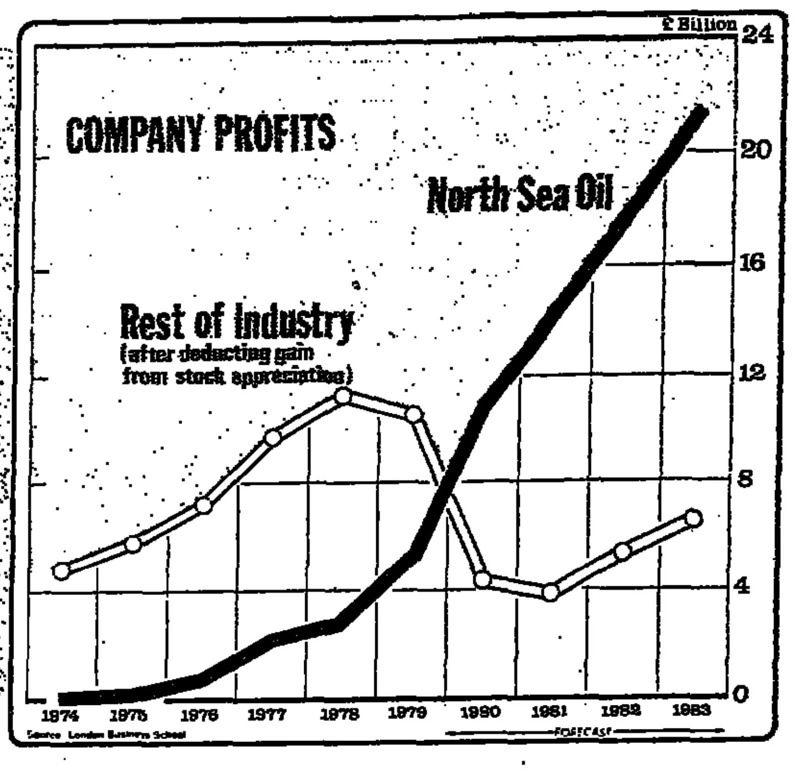
### Reprisals

*A great deal depends on Mrs* Thatcher. In the end, it is she who will have to judge whether what is obtainable in Brussels is politically marketable in London. But she will not further her cause by adopting the blustering tactics that failed at the last summit in Dublin. That is not the way to do business with President Giscard d'Estaing and Chancellor Schmidt. If she fails to achieve all she wants in Brussels, she should take what is on the table and keep on trying—not launch damaging reprisals that will hurt everyone, including the UK, and could further undermine the Community's legal structures. The West has reached a juncture at which the need for solidarity should over-ride internal squabbling however justified each country's position may appear in its own eyes. The time has come for compromise all round.

# The squeeze on British industry's purse

By PETER RIDDELL, Economics Correspondent




GLOOM about British industrial prospects is the fashion. There has been plenty in this and other newspapers over the last few weeks to disturb even the most imperturbable of readers. Companies with household names have reported lower profits and have cut their dividends. Big plant closures and redundancies have been announced.

Predictably this has been seized upon to support warnings of an unprecedented financial squeeze, widespread bankruptcies, spiralling unemployment and an irreversible process of "deindustrialisation" *turning much of the Midlands* and the North into an industrial wasteland.

The actual position and the *likely prospects* are less dramatic and more complicated—though in the short term they are hardly any more comforting. One of the main dilemmas facing Sir Geoffrey Howe, the Chancellor, in framing his Budget in two-and-a-half weeks' time concerns what, if any, concessions should be given to industry.

It is certainly true that industry (and, in particular, *manufacturing) is having to* bear a heavy burden at present. This is paradoxically a direct and intended result of Government policy. The attempt to squeeze inflation out of the economy through tight control over the rate of growth of the money supply inevitably hits industry first.

That is so because the attempted reduction of monetary growth involves as a *first stage higher interest rates.* That, in turn, has a direct effect on the cash flow of industry, as all the recent complaints of companies amply testify.

The key impact of a tight monetary policy has been on sterling. Interest rates in Britain have been high compared with those abroad for most of the past year. That has acted as a magnet attracting foreign funds. Moreover, it has *occurred at a time when the* pressures on sterling have been upwards because of sharply rising North Sea oil production and rapidly increasing crude oil prices.

## Rapid rise of costs

The result has been that even after last week's fall in the pound its average value against a trade-weighted basket of other currencies is 11 per cent higher than a year ago. Other influences being equal, this has the dual effect of making British goods more expensive *in overseas markets and of* reducing the price of imports relative to home-produced products.

As if this were not difficult enough, the pressures have been aggravated by a much more rapid rise of British costs, notably wages, than those overseas, at a time when the growth of productivity has been negligible. The result has been great erosion of the competitive position of British goods measured by any of the usual *yardsticks of relative prices or* relative labour costs.

The Confederation of British Industry recently estimated that British unit labour costs have risen relative to those of the UK's main overseas competitors by about 40 per cent since 1975.

This affected British companies in a number of ways last year. It has meant (as BL and much of the textile sector need *no reminding) a loss of sales* as Britain's share of export markets has fallen, imports have risen sharply, and profit margins *have been squeezed as com*panies have tried to maintain output.

Phillips and Drew, the stockbrokers, have estimated that profits from exporting from the UK dropped by 17 per cent last year after a 5 per cent fall in 1978. Pressure in the home market on companies to hold down prices—at the expense of profits — has clearly been reflected in the wide gap *between the rate of increase of* industry's raw material costs and the rise in the prices charged for manufactured products. The hope is that such pressures will ensure that companies resist high wage claims, thus leading to a virtuous circle of lower inflation.

Industry has had to face the sharply increased cost of financing stocks of raw materials, work in progress and finished goods *following the* acceleration in the inflation rate. Stock appreciation probably amounted to well over £6½bn last year.

The squeeze has been reflected in a sharply increased financial deficit of industrial and commercial companies—the amount they have to raise from the rest of the economy, mainly via bank borrowings. Consequently industry's net liquidity, a key indicator of its short-term financial health, has deteriorated, again down to the levels only previously seen at the worst of the 1970-71 and 1974-75 recessions.

The worrying point is that these figures reach only up to the end of last year when the recession was just starting. It has since become clear that as the demand for goods has weakened the financial pressures have intensified, especially as there are excessive holdings of stocks which will take time to reduce.

## Short-term prospects

It is this combination of the cyclical pressures of recession on top of the existing problems of the monetary squeeze and high value of the pound which explains the worry about the short-term prospects expressed in the batch of major economic forecasts at the beginning of last week.

The London Business School, for example, forecasts that underlying industrial profits—*excluding stock appreciation* and North Sea oil—might fall by nearly 60 per cent this year, and other analysts are only slightly less gloomy.

All this is likely to mean a further erosion of industry's liquidity position. The CBI and several City analysts have suggested that the financial deficit of industrial and commercial companies could rise from an estimated £5.8bn last year to *between £6½bn and £7bn this* year and to remain about this level in 1981. This compares with a previous peak of £4.6bn in 1974.

While the deficit looks like being much higher in nominal terms than in 1974 it may still be lower after adjusting for inflation. However, the comparison is less favourable if North Sea is excluded.

Consequently, the rest of industry could have as large, if not larger, a deficit in real terms than in the mid-1970s, and it could last longer.

All this seems to confirm the pessimists' case. But the gloom should not be overdone. First, the balance sheets of many companies are stronger than in 1973-74 as a result of the series of rights issues and the recovery of profits in 1975-77. Gearing, as measured by net debt as a percentage of capital employed, may have been nearly 20 per cent at *the end of last year and* could rise to around 22 per cent by the end of this year, according to Phillips and Drew—but *the ratio reached 26 per cent in* 1974.

Secondly, companies are likely to change their behaviour if only because of their earlier experience. There are signs that industry has started to cut back on labour and on capital spending much earlier than in the previous recession. This defensive response could mean that some of the cash projections will turn out be too gloomy.

A further difference from the mid-1970s is that the problems appear to be much more narrowly concentrated. *Unlike* then, there is no financial crisis in the property and banking sector to accompany the one in *manufacturing industry. More*over, even the operations of those companies which go under are unlikely to disappear completely since factories are likely to be bought from the receiver by those with stronger financial resources, if this painful form of rescue is not anticipated by a takeover bidder.

Within manufacturing the pressures are likely to vary considerably. The complaints of the textile, footwear and motor manufacturing sectors tend to overshadow the successes of other sectors in selling overseas or in resisting competition from imports.

Manufacturing is, of course, only one part of *industry,* employing less than a third of the national labour force. Many economic forecasters believe that the strong pound could mean that real incomes and consumer spending in Britain hold up more strongly than in the last recession when both fell sharply. Consequently the profits and finances of the distribution and retailing sector should hold up reasonably well and many service industries may only be marginally affected by *the recession.*

The problems of parts of manufacturing industry are likely to be real enough, how*ever little the rest of the* economy may be affected. This has led to the view that given present policies the balance is tilted too much towards destruction and away from the creation of new capacity to produce new products. This view is held by the independent National Institute of Economic and Social Research which argued in its quarterly review a week ago that, "if nothing is done there is a danger that the UK will drift gradually but irresistibly into selective import controls."

*Sir Geoffrey Howe has little* freedom of manoeuvre in his Budget. He is reminded almost daily about the problems allegedly caused by high nominal interest rates and a strong pound. But he feels that there is only a limited amount which he can do without undermining the whole thrust of his tight monetary policy. Some of his Cabinet colleagues are, however, worried that he is trying to squeeze inflation out "too rapidly" and that parts of the private sector could be bled irreparably in the process.

The alternative suggestions from Ministers have so far been somewhat vague and have generally run up against the problem that any deliberate attempt to manoeuvre the pound down in order to ease competitive pressures might involve an *excessive rate of monetary* growth. Sir Geoffrey's view is that the best way he can help industry is by sticking to the current monetary policy and thus, he hopes, reducing the inflation rate.

Both Sir Geoffrey and the Prime Minister are aware of the complaints against the 17 per cent MLR. Consequently the key objective of the Budget will *be to hold down public sector* borrowing in the hope of permitting a reduction in interest rates as soon as other monetary *influences allow.* The view is that such a reduction in interest rates would both ease the cash flow constraints and *might lead to a fall in the* pound; indeed the rise in interest rates overseas relative to those in the UK has already led to a small depreciation.

But a decision to hold down borrowing also implies a tight constraint on what the Chancellor can do directly to help industry through tax changes. He has already hinted at the possibility of special relief to save companies from paying extra corporation tax when their stocks are reduced because of strikes, such as the current steel dispute, and other special factors.

## The North Sea 'honey pot'

Otherwise, the Chancellor's main choice seems to be whether he should try and redistribute some of the growing profits from the oil sector to the non-oil part of industry. As the accompanying chart shows, North Sea oil profits could be much higher than those of the rest of industry this year. Oil companies have already been consulted by the Department of Energy about a rise in *Petroleum Revenue Tax* from the present 60 per cent to 70 per cent. This is one of a number of ideas for raising money from *what has been described as the* "honey pot" of energy.

Any money from this source could be used to help the rest *of industry by reducing the* employers' national insurance surcharge. This is a payroll tax of 3½ per cent and has always been opposed by the Tories. Each point cut is equivalent to £650m at 1979-80 pay levels—and rather more in 1980-81—and much of the impact would be felt on industry's liquidity. By contrast, a change in corporation tax would have little effect for at least a year and many of the most hard hit companies do not anyway pay much mainstream corporation tax.

In addition, Sir Geoffrey has already promised the start of a reduction in capital taxes which would particularly help smaller companies but would make *virtually no difference to cash* flow problems in the short term.

None of this may be of much comfort to those companies which are currently stretched. But this is what fighting inflation through monetary policy means. If this fails there is no *shortage of advocates of inter*vention and protection waiting to apply their "alternative strategy."

# MEN AND MATTERS

## Blight on Basil's sensibilities

One of my more eccentric acquaintances, a schoolmaster named Basil, used at regular *intervals to drive up to the* home of Enid Blyton, climb on to the roof of his van, and shake his fist at the old lady *through the window. Or so* he claimed.

Basil would have found the little party I went to on Friday *a bit of a strain. Held at a* swanky Park Lane hotel, it was to celebrate the sale of 2m German-language recordings of "*The Twins of St. Claire*," or rather "*Hanni und Nanni.*" For reasons which escaped me, a Hamburg company selling these things (surely *it* should have been given the prize?) handed over eight gold discs to Worldwide Audio Products, owners since 1975 of the world rights to Enid Blyton.

Due tribute was paid to the achievement of an Englishwoman ultimately responsible for the sale to German-speakers of "five million items of intellectual property . . . an achievement only eclipsed by the Beatles or the great Shakespeare."

Apparently there is no stopping the Blyton invasion of Germany's tape recorders and record players, and world-wide, according to a UNESCO report much mentioned at the party, La Blyton continues to be the one of the most-translated authors—at 165 translations behind Lenin (381) and the Bible (215), but well ahead of Marx (148), Agatha Christie (144), Dostoyevski (110) and Pearl Buck (89). As the report gratuitously remarks: "The kind of work considered worth translating continues to reflect the kind of world we live in."

On the other hand, Basil would have been pleased to hear the managing director of Miller International Schallplatten confess that he had never read a line of Blyton, although he had listened to his fair share of tape-recorded "Hanni und Nanni."

Basil would also have enjoyed talking to David Cardwell, managing director of World Wide Audio Products, which is half-owned by the Enid Blyton estate. Sales in the U.S. are not up to much—"the kids watch TV all the time." And, cursing the British record retail trade for its stubborn refusal to stock anything but the top 50 pop records, Cardwell confessed that sales of recorded *Noddy* and others in the UK had, to date, been miserable. However, an arm of Warner Brothers is *now trying its luck with TV ad*vertising in East Anglia, and W. H. Smith has agreed to try selling recorded Blyton mail-order. I do not think I will try Basil about that.

## Fear of flyers

Filipinos have always managed to be at once volubly nationalistic and more American than their erstwhile colonisers.

A remarkable blend of nationalism, capitalism, and legalism has been developed, finding its classical expression in a new vogue for suing airlines, a sport so popular that the carriers have been trying to bend the presidential ear of Ferdinand Marcos himself about it. Damages which might even raise a flicker of interest in a Californian lawyer have been awarded by the Filipino courts against foreign airlines daring to offend or inconvenience the citizenry or their baggage.

In one case, KLM sold a ticket to a Filipino which included a hop on a domestic French airline. The passenger was "bumped" off the flight. Unable to sue in the French courts, and unable to get at the domestic French carrier in Manila, the aggrieved party (able assisted by lawyers on a percentage) sued KLM on his home territory, and collected £50,000.

In another case, damage to a suitcase set an airline back £5,000.

Passengers who fail to get a seat, or are downgraded, find that a winning ploy is to argue racial discrimination, and claim for "moral outrage" as well as inconvenience.

## Winning streak

There can be little doubt that Peter Marsh, bemonocled chairman of Allen, Brady and Marsh, is rapidly eclipsing the Saatchi brothers as the darling of British advertising.

Last wek's coup of winning the £2.5m Harp lager account represented — according to Marsh—ABM's sixth successive victory over Saatchi and probably the fifth against J. Walter *Thompson. Ex-actor Marsh's* studied theatricality has played a large part in pushing ABM into the top ten of London agencies: it is currently 10th, with £30.9m-worth of billings last year, against the £67.5m of Saatchi at number one. He sees the way clear to vaulting over American-owned rivals in the middle, like Young and Rubicam, Thompsons' and McCann Erickson.

But Marsh's legend shows signs of running away with him. It is widely put about, for instance, that when ABM won BR's £6m acount from Saatchi—last autumn, BR's chairman Sir Peter Walker was kept waiting in a room full of over-flowing ash-trays and empty beer cans. As he was about to leave in disgust, a door opened and Parker was greeted with the words: "That is what the public thinks of British Rail. Let's see what we can do about it."

With a hint of regret in his voice, Marsh insisted yesterday that it was not like that: "We use obvious artifice and skills—any colour or vitality that is appropriate. But you can't keep Sir Peter Parker waiting half an hour. . ."

## Changing the rules

Back in 1970 it seemed such a good idea. The Rank Organisation would lend its executives interest-free money to buy shares in the market. After five or at the most 10 years, the loan would be repaid and the deserving managers would reap large profits. Sure enough, soon after the scheme was set up, the share price rocketed from the equivalent of around 300p to reach, two years later, a high of almost 600p.

But then things went sadly wrong. In the mid-1970s the share price slumped, often below 100p; three years ago shareholders were asked to approve stop-loss provisions, and bailed out many of the executives at a cost of £848,000. Some, however, loyally stuck *with the scheme—which is why* shareholders are being asked to approve the despatch of another financial life-raft at the *annual meeting on Wednesday.*

It appears that various participants, among them main board directors Russell Evans and Thomas Chilton, bought their original shares at an average price of around 340p. With the shares now languishing at nearer 312p, shareholders are told that "repayment of the loans on their due dates might impose serious burdens on the participants."

Rank's suggested solution is to extend the life of the scheme from 10 to 13 years. Battered shareholders nursing Rank in their own portfolios may conclude that great things are going to happen before 1984. Others may make a mental note to expect yet another change in the incentive scheme's rules in 1983.

## Cutting it out

Overheard in the West End:

Talkative barber, after a long flow of meteorological speculation: "And how would we like it done today, sir?"

Customer: "In silence, punctuated only by the gentle snip, snip, snip of the scissors."

*Observer*

# Carter's energy policy makes progress

BY DAVID LASCELLES IN NEW YORK

PRESIDENT JIMMY CARTER may have had his work cut out in the last few months by the Iranian and Afghan crises. But he can thank a mild winter for sparing him another one closer to home.

For though sunshine and warm temperatures wreaked havoc with the U.S. winter sports industry and forced the Olympic organisers to call out the snow-making machines at Lake Placid, they did wonders for his energy policy. For one thing, they cushioned the impact of the surge in oil prices which he engineered last year. For another, they helped the U.S. slash energy consumption by amounts that would have seemed inconceivable only a year ago. In January, Americans burned 16 per cent less heating oil than in the same month last year.

As leader of the world's biggest and most extravagant energy-using country Mr. Carter could do with a bit of luck on the energy front. No issue has taken up more of his time. None has been so dogged by events beyond his control: the Iranian crisis and the Three Mile Island nuclear accident. And none brought him into sharper conflict with Congress which refused to believe for a long time that there was an energy crisis at all.

## Tough decisions

But fired by an apparent zeal to crack the country's energy problem, Mr. Carter worked doggedly to get his policies accepted, sacrificing Dr. James Schlesinger, his first Energy Secretary, in the process. And today, the tide seems to be turning. Not only has the public come to accept that the energy crisis he has harped on for so long is real, but few outside the ranks of Mr. Carter's most implacable critics would argue that his policies make no sense. And though the next Administration will still have some big energy problems to solve, this Administration has probably taken most of the tough decisions—like abolishing oil price controls and pressing ahead with nuclear power.

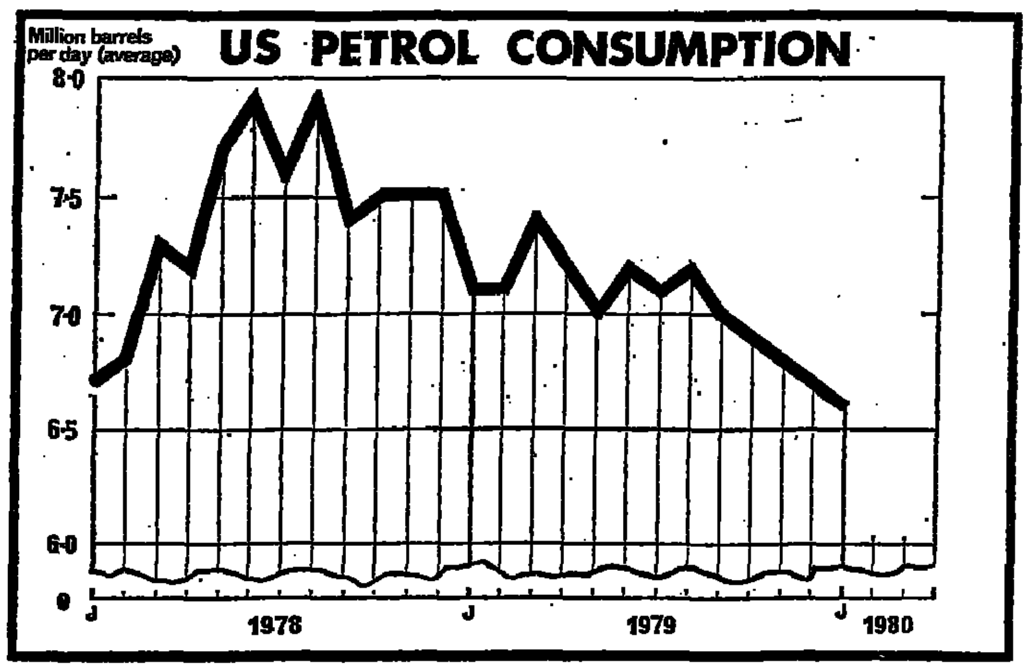
In fact, the Administration could well be remembered as the one when U.S. petrol consumption reached an all-time peak (the statistics suggest this historic turning-point occurred in the summer of 1978).

Mr. Carter's energy policy has had three main planks: to cut the country's 50 per cent dependence on foreign oil ("the thin line of tankers" as he calls it), to develop non-oil energy sources, and to boost conservation.

From the start it was obvious that no policy could be effective so long as the U.S. preserved its outdated system of oil and gas price controls. (Two years ago, the average price of U.S. oil was one-third of that on the world market, hardly an incentive to conserve or invest in new energy sources.) So Mr. Carter moved to get these controls abolished. That part of his policy is now in place. The much-debated Energy Bill cleared the way for deregulation of natural gas prices by 1985, and last spring Mr. Carter used his executive authority to phase out oil price controls by the end of September 1981. (Although U.S. petrol prices are rising, they are covered by separate price-setting mechanisms which have not been abolished.)

To consumers, this all came like a winter wind: chilling but healthy. Oil and gas prices soared, ensuring a spectacular fall in consumption, particularly of petrol. (The price of the average U.S. barrel has gone up from \$10 to \$17 in the nine months since decontrol began.)

Higher prices are also bringing about major structural shifts in the U.S. economy. Industry is being forced into greater fuel efficiency, utilities are switching away from oil, and energy-saving goods are all the rage.




Imports of small foreign cars have soared since the middle of last year.

But for producers, the measures were a balmy breeze. They brought fresh incentives to the oil industry to drill wells, re-open uneconomic ones and to suck more out of existing ones by installing modern extraction equipment. In the gas industry, they eliminated shortages caused by quaint price rules which made it more profitable for companies to keep their gas in the ground than sell it across state lines.

None of this is expected to reverse the long-standing decline in U.S. oil production. But it could hold output steady while new energy sources are developed.

Mr. Carter's decision to free oil prices was particularly bold in the context of soaring inflation. Given the way prices are moving today, he may have qualms about it. But though he could halt decontrol tomorrow and remove a major source of price increases at a stroke, his commitment to decontrol seems too strong to allow this. He would also have to consider the implications for his international credibility, given the promises he made to the rest of the world in forums like the International Energy Agency to cut U.S. oil consumption.

## Profit tax

Although America's new concern about energy and its humiliations in Iran have made it easier for Mr. Carter to push through what would otherwise be highly unpopular measures, the political sop for decontrol was his proposed windfall profits tax on oil company earnings.

Mr. Carter wanted the tax for two reasons: to cream off part of the huge extra earnings the oil industry was bound to make from decontrol, and to channel that money to worthy goals like developing urban public transport, financing non-oil fuels and helping the poor to pay their fuel bills.

But though Congress agreed that some kind of tax was needed, it watered his proposal down by making the tax temporary rather than permanent, and reducing the expected "bite" over the next 10 years from \$292bn to \$227bn.

More important from the point of view of energy policy, Congress also dropped Mr. Carter's proposal for a flat 50 per cent tax on revenues in favour of a tiered rate that falls heaviest (70 per cent) on oil from wells already in production, and lightest (30 per cent) on newly discovered or hard-to-work wells. This change is intended to give the oil industry a bigger incentive to drill new wells, and extract those precious marginal barrels.

The oil industry, of course, argues that there should be no tax at all, and that the U.S. is depriving itself of substantial oil production (up to 2m barrels a day by some estimates) by taking this money in tax.

There is some force to this argument insofar as Congress has decided to use more than half of the windfall tax revenues to finance huge tax cuts rather than energy. Only \$34bn, or 15 per cent of the yield, is to go to public transport and energy development, and \$57bn (25 per cent) to help low income families pay their fuel bills. The remaining 60 per cent will be used for tax reductions of which only \$9bn will be energy-related — for conservation.

## Rig rate

Oilmen can thus claim that Congress is squandering money much needed for energy. But there are doubts as to whether even the enormous U.S. oil industry could usefully spend \$227bn by 1990. The upturn in exploration and production since decontrol has already bid up rig rates and oil salaries to record levels, and created bottlenecks bound to get worse in the years to come.

About \$20bn of the yield of the windfall tax will go to develop non-oil fuels. The money will be handled by a new synthetic fuel development corporation, which has been told to produce the equivalent of 2m barrels of oil a day by 1992.

Synthetic fuels include liquefaction and gasification of coal, mining of oil shale, substitute natural gas from coal and oil, and a number of other novel processes. But though large segments of the energy industry have committed themselves to these developments, there are doubts as to the wisdom of this policy. For one thing, synthetic fuels are immensely expensive, and some economists believe the money would be better spent developing cheaper forms of energy, such as oil from the tar sands or even coal. They also fear that the synthetic fuels corporation will become yet another Government juggernaut, eating up public money to little result.

More controversial, though, is Mr. Carter's unshaken commitment to nuclear power. The moratorium on new nuclear capacity imposed after the Three Mile Island accident a year ago is now over: the first new atomic station (in Tennessee) was given the provisional go-ahead a few days ago. Mr. Carter has also put forward proposals for disposing of nuclear waste, one of the biggest stumbling-blocks still in the way of nuclear power.

Mr. Carter's position is that nuclear power must play a major role in the U.S. energy future, but that safeguards must be adequate. The public still has doubts about nuclear power, but opinion polls suggest that people are moving towards, rather than away from, his view.

One of the few persistent critics of Mr. Carter's energy policy these days is Senator Edward Kennedy. He argues that decontrol is damaging the country and should be halted, and that nuclear power should be stopped, too. However, his unimpressive performance in the Democratic primaries suggests that neither of these positions has a broad appeal. Indeed, the opposite may well be the case: the American public seems to be ready for painful energy measures, even to the point of accepting a 50 cent tax on a gallon of petrol.

With decontrol, synthetic fuels and nuclear power now all moving ahead, the U.S. clearly has the makings of a workable energy policy. But there are pressing issues still to be confronted, probably by the next Administration.

One of these is the environment. Although public concern about energy has tended to weaken the once all-powerful environmental lobby, few if any big energy projects will be able to go ahead until the country decides how big an environmental price it is prepared to pay for them. Mr. Carter has proposed a "fast-track" agency with special powers to bend the rules for priority energy projects. This idea raised a storm of protest, though it does not lack backers in Congress.

Another issue is the price of petrol. By international standards, U.S. petrol is still ridiculously cheap—about 70p an imperial gallon—mainly because there is little tax on it. Although this price will rise as oil decontrol progresses, the difference between U.S. and foreign petrol prices is an embarrassment which Washington may be forced to cure with a stiff Federal gasoline tax or abolition of petrol price controls (these are separate from crude oil price controls). This is one bullet that Mr. Carter has conspicuously failed to bite.

## Imports down

Nevertheless, the impact of steps taken in the last two years can already be measured. Petrol consumption is down 8 per cent, heating oil is down twice that. Domestic production of crude oil and gas is holding steady, and oil imports are down 5 per cent this year. The U.S. dependence on oil imports has fallen to 44 per cent.

Whether these healthy trends can be maintained remains to be seen. After the last oil crisis in 1973, oil consumption edged back up to its earlier levels as the public became accustomed to higher prices. But for the time being, officials are happy to point out that the U.S. is the only major Western country that is actually cutting its oil consumption.

# Letters to the Editor

## Currency forecasts

*From Mr. B. Marber.*

Sir,—The Lombard column (Peter Riddell, March 5) revives an issue first aired in an earlier Lombard column by Samuel Brittan, December 18, 1978.

Both articles were concerned, as well they might be, with the truly appalling track records of nearly all currency forecasters employing the traditional or "orthodox" approaches of economics and econometrics. The two Lombard columns differ however in that Peter Riddell does not mention any other methods of currency forecasting whereas Samuel Brittan paid a great deal of attention to one particular method when reviewing an article by Stephen Goodman, the director of corporate planning at the Singer Company.

Mr. Goodman had analysed the track record of 25 currency services during the period January, 1977, to January, 1978, and had found that with the exception of three, all using approximately the same methods, the remainder offered a success ratio "no better than the toss of a coin." The methods of the three successful forecasters also tie in with certain findings of the Bank of England economists in a recently published paper.

What is this method that earns the commendations of both Mr. Goodman and the Bank of England? Surely, if it is as successful as they maintain, every corporate treasurer in the world must be fighting to subscribe? Not necessarily, because this particular method is often judged on a narrow basis which rejects as intellectually repugnant simple mechanistic projections of the past into the future.

That criticism, however, is equally applicable to everyone in any forecasting business, economic, political or even medical; past experience shaping current thinking and therefore future expectations.

By now you will have guessed that the successful method referred to is, of course, technical analysis—sometimes called the chartist approach. Although rated more highly by corporate treasurers than by investment managers (because the former are more interested in actual performance whereas the latter find solace in intellectual discussions when explaining away bad decisions) technical analysis is nevertheless far from being universally accepted in spite of the fact that "all the technically oriented forecasters did remarkably well, the average performance of the poorest being far better than the average performance of the best econometric-oriented forecaster."

Brian Marber,
*1, London Wall Buildings, EC2*

## Non-executive directors

*From Edward James, deputy director general, CBI.*

Sir,—In the final paragraph of his letter on March 4 Mr. Hugh Parker draws attention to the important step open to companies of appointing more and better qualified non-executive directors. The CBI has for several years been advocating just this, while at the same time questioning whether legal enforcement would be either necessary or helpful.

Successful use of the skills and experience of non-executive directors requires the wholehearted commitment of the chairman and executive members of a board and needs to be part of a well conceived strategy for the management of the enterprise.

There is ample evidence to show that the number of non-executive directors on the boards of UK companies is growing. But growth is slow—due not to shortage of supply but to lack of demand.

The talent is there; indeed several major companies have indicated their willingness to release able members of their senior management to serve in a non-executive capacity on the boards of smaller non-competitive companies.

The selection of non-executive directors for individual companies is too important to be dealt with by a general register of candidates. It frequently needs the services of a management consultant who can make a proper study of the company's needs before starting the search for a suitable candidate or candidates. This is the approach which the CBI is fostering.

Edward James.
*21, Tothill Street, SW.*

## A strange world

*From Mr. F. Marx*

Sir,—What a strange world we live in. The Government exhorts us to use less electricity—they spend huge sums on publicity to this end — so now electricity charges are to go up because we are not using enough (so your paper reports on March 1). The BBC cuts £130m and cuts programmes — so we are now to get a fourth channel (in spite of the fact that we get repeat after repeat on the existing three channels).

Does it all make sense?

F. R. Marx.
*"Concord,"*
*83, Leckhampton Road,*
*Cheltenham, Glos.*

## The company secretary

*From the Vice-President, Society of Company and Commercial Accountants*

Sir,—I understand that in the Companies Bill that has just had its third reading in the House of Commons, there is a clause indicating that the secretary of a public company shall be properly qualified and listing professions and professional bodies whose members would be acceptable to fill such a position.

To ensure that a company secretary of a public company is a properly qualified person makes sense. I cannot understand, however, why members of a body whose basic training is in auditing or those of an association whose training is directed towards public finance and local government accounting should be included in a statutory list of persons qualified to be a company secretary, whereas members of other bodies, whose study and experience are more closely connected with company work are omitted.

It is just as important that a fully qualified person should be the accountant of a public company, but qualifications for this important post are not mentioned in any Companies Act or Bill!

Maybe, when the Bill goes to the House of Lords, their Lordships will see the weakness and unfairness of this clause and reject it in its present form. It is understood that the clause was added to the Bill against the Government's wishes.

G. C. Smith,
Society of Company and Commercial Accountants,
*40 Tyndalls Park Road,*
*Clifton, Bristol*

## Urban bus subsidies

*From the Director General Confederation of British Road Passenger Transport.*

Sir,—You report (March 5) a study published by the Government's Transport and Road Research Laboratory which asserts that up to one third of increased subsidies for urban public transport can be taken up by rising costs and higher manning, with the implication that subsidies have led to reduced efficiency.

The TRRL study is misleading to say the least, confusing cause and effect. When it was presented at the international seminar of the Organisation for Economic Co-operation and Development in Paris last year, its statistical validity was called into question by participants. Indeed, the meeting concluded that "decisions about the proper level of subsidy to public transport should be considered in the global context of urban transportation financing." It is looking at public transport in isolation which causes so many of our present transport problems.

One fact the TRRL report does demonstrate is that UK urban bus subsidies are one of the lowest percentages reported in the EEC. In 1975 (the latest figures in the study) subsidies in the UK accounted for only 29 per cent of operating costs. In the Netherlands the figure was 70 per cent, with Belgium 69 per cent and France 66 per cent. In the USA subsidies accounted for 46 per cent of operating costs, in Sweden 45 per cent and Australia also 45 per cent. These figures exclude capital grants, for which the UK is also below other countries and do not reveal the extent to which the relative situation has since moved against the UK.

In some quarters subsidies are regarded as a windfall for bus operators. Yet, the reason for subsidies is precisely that operators are being asked to provide services which for them are uneconomic. In many cities this means, for example, running expensive peak hour services to enable people to travel by public transport, rather than by car. Local authorities know this will raise unit costs and recognise that subsidies are a necessary part of their planning.

Not only has this role for public transport led to higher costs but Government and EEC policy decisions—like drivers' hours regulations and the specification of more complex vehicles—have obviously caused costs to rise.

These burdens together with increased traffic congestion, have been growing at the same time as the rise in subsidies. It does not follow that subsidies beget inefficiency, particularly when overall transport efficiency is considered. On the contrary, reduced subsidies are often associated with higher fares, fewer passengers and hence greater traffic congestion.

Denis Quin.
*Sardinia House,*
*52 Lincoln's Inn Fields, WC2.*

## Credit cards

*From Mr. M. Simons*

Sir,—The continuing above-target growth in the money supply requires correction. One way of reducing consumer credit purchases is to discourage credit cards which have an inflationary impact because of the resultant bank commission which are levied on retailers, and which are reflected in the price of goods and services.

The use of credit cards would be discouraged if the Chancellor of the Exchequer were to charge credit card companies say £25 each time a card is used for the first time in a fiscal year. Customers can avoid this charge by paying in cash or by settling their purchases by cheque, supported by a personal bank guarantee card which, preferably contains their photograph.

A slackening of the boom in credit cards and resultant profits due to the current high rate of interest would also moderate the big pay increases claimed by bank staff, which are spilling over into insurance and other clerical-intensive activities.

Martin E. Simons.
*24, Granard Avenue, SW15.*

## Herbury as a nuclear site

*From Mrs. C. Spencer,*

Sir,—I write with regard to the possibility (February 20) of Herbury, near Weymouth, being chosen as the site of a nuclear power station. My husband and I moved to this area five years ago on account of two things: the strong social feeling in this village—it is an extremely helpful friendly community without being in any way intrusive—and the great beauty of the area. However, we do not regard the idea of any development in this area as horrific solely on the grounds of beauty (though what a solace to the soul that is, much needed these days—will our grandchildren need such solace less than we?) but also because the Chesil Bank, a shingle beach holding back a stretch of water with the famous Abbotsbury Swannery at one end and succouring innumerable birds is a formation unique in Europe. What right have we to deprive present and future generations of such a site?

That is the feeling of my husband and myself (a feeling I may say almost universally shared locally, though this letter must be taken to express purely my own feelings). I do not think however that everyone has to agree with me.

What I do ask though is that anyone in the vicinity of Weymouth this year with the time to spare should visit the village and take a stroll down the path towards the Chesil Bank (about half a mile) and see for themselves.

Mrs. C. Spencer,
*Foxbarrow House,*
*The Square,*
*Langton Herring,*
*Near Weymouth, Dorset.*

# Today's Events

**GENERAL**

UK: Thirteen steel industry unions negotiate with British Steel Corporation over pay and conditions.

BL Cars management meets Confederation of Shipbuilding and Engineering Unions executive to discuss plant closures and redundancies.

Gas industry manual workers pay talks resume.

Mrs. Margaret Thatcher opens Young Volunteers Exhibition, House of Commons.

Senior American bankers speak at two-day forum on U.S. Banking in 1985, London.

Mr. Roland Moyle, Labour Party health and social security spokesman, addresses public meeting on cuts in public expenditure, Guildford.

Sir Peter Gadsden, Lord Mayor of London, lunches with partners of James Capel, stockbrokers, Winchester House, EC2.

The Queen and Prince Philip attend Commonwealth Day service, Westminster Abbey.

Replica of Stephenson's Rocket arrives at St. Pancras Station to mark Post Office special train stamp issue.

Overseas: European Central Bankers begin two-day meeting in Basle.

European Parliament five-day session opens in Strasbourg.

President Valery Giscard d'Estaing of France meets King Khaled and Crown Prince Fahd of Saudi Arabia in Riyadh for private discussions.

**PARLIAMENTARY BUSINESS**

House of Commons: Debates on owning or renting a house, and on immigration. Motion on the Statement of Changes in Immigration Rules. Consideration of Lords Amendments to the Protection of Trading Interests Bill, and to the Bees Bill.

House of Lords: Education Bill, committee. National Heritage Bill, report.

**OFFICIAL STATISTICS**

Wholesale price index numbers (February—provisional). Retail sales (January—final). Construction output (fourth quarter). Hire purchase and other instalment credit business (January).

**COMPANY MEETINGS**

See Financial Diary on Page 24.

**COMPANY RESULTS**

*Final dividends:* Cornell Dresses. Neil and Spencer Holdings. Rolls-Royce Motors Holdings. Interim figures: Manganese Bronze Holdings.

# Carrington Viyella shows £7.6m loss on CCA basis

CCA adjustments at Carrington Viyella, textile manufacturer, have turned 1979 pre-tax profits of £8.49m into losses of £7.62m.

*Using ED24 for the first time,* there were current cost adjustments of £21.4m, *split as to: cost* of sales £10.25m; monetary working *capital £1.27m; additional* depreciation less grants released £8.25m, and £1.63m losses on disposal of fixed assets. There was a £6.18m gearing adjustment.

Mr. Leonard Regan, chairman, tells shareholders in his annual statement that the group has almost completed its four-year capital investment programme to produce energy savings, and the economies achieved have been *substantial.*

"We shall drive even harder to reduce costs and increase productivity," he states.

The group will continue to develop the successful areas of business which show prospects for growth and which give a satisfactory return on capital—*in particular Dorma,* high technology knitted fabrics, and garments under its brand names such as Van Heusen, Peter England and Louis Philippe, Mr. Regan says.

As reported on February 21, *second half taxable profits* dropped from £9.42m to £3.4m *leaving the full year's figures* well down at £8.48m, against £14.5m. External sales were £312.79m (£322.7m which includes £26.7m from Consolidated Textile Mills, now an associate).

The chairman states that actions taken in respect of CV *Jacquards. Carpets, a section of* Woven Staple division, and the Italian subsidiary Carrington-Tesit, now sold, are expected, in a full year, at least to neutralise trading losses of about £5m sustained during 1979.

Impact on the group's labour force was severe, Mr. Regan *says, with redundancies in the* UK totalling some 2,000.

Balance *sheet, on a CCA basis,* shows fixed assets of £107.55m and net current assets of £85.18m. Historical figures for the same are £73.27m and £83.17m respectively.

ICI Holdings held 41.8 per cent and Imperial Chemical Industries 7.4 per cent of the *equity, as at February 9.*

See Lex

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Officials indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—J. Jarvis, Parker Knoll, *Joseph Stocks.*

Finals:—Cornell Dresses, Merchants Trust, Neil and Spencer, Rolls-Royce Motors.

FUTURE DATES

*Interims:—*

| | |
|---|---|
| Bejam | Mar. 19 |
| Stothert and Pitt | Mar. 17 |

*Finals:—*

| | |
|---|---|
| Hepworth Ceramic | Mar. 20 |
| Lambert Howarth | Mar. 12 |
| Macfarlane Group (Clensman) | Mar. 31 |
| Sedgwick Forbes Bland Payne | Mar. 11 |
| Solicitors' Law Stationery Soc. | Apr. 2 |
| Stone-Platt Industries | Mar. 20 |
| Telephone Rentals | April 30 |
| *Ultramar* | Mar. 13 |
| Wilkes (James) | Mar. 20 |
| Willis Faber | Apr. 2 |

## Profit drop at Clark Shoes

C. and J. Clark, the Somerset-based private *maker and retailer* of shoes, has suffered a profit downturn in 1979.

Net sales advanced by 16 per cent to £288.87m, but profit before tax showed a decline of 8.5 per cent at £17.72m.

## Midway rise seen at Countryside

First half profits of Country*side Properties should comfort*ably exceed those of last year, Mr. Alan Cherry, deputy chairman, told members at the annual meeting.

Pre-tax surplus was £514,000 for the first six months of the 1978-79 year, out of an overall figure of £1.31m.

*He said forward sales were* currently more than £6.5m, and that *earnings from the group's* expanding commercial property *development programme* were expected to make a significant *contribution to results in the* future.

Purchaser interest in Countryside's new housing continued to be healthy, he stated, despite a slowdown in the housing market generally.

## Monument deeper in the red

SUBSTANTIAL exchange and non-recurring losses and a lack of profits from the U.S. has pushed **Monument Securities** into a deficit of £64,653 in the first six *months ended September 30,* 1979, compared with £35,867 a year earlier.

And the trading pattern in the current half year has continued to be difficult, the directors state.

The non-recurring loss arose from the reorganisation costs relating to the transfer of the manufacturing of the company's heavy laundry machinery to the U.S.

A further factor was a lack of profits from America because of the general recession in trade being experienced there.

In the year 1977-78 the company made a profit of £102,000 but this was turned into a *loss* of £33,000 last year.

## FT Share Information

The following securities have been added to the Share Infor*mation Service appearing in the* Financial Times:—

***Allied International Designers*** (Section: Paper).

**Edinburgh Securities Company** (Oil and Gas).

***Rand London Coal*** (*Mines*—Finance).

***Thermo Electron Corporation*** (World Markets—New York).

# Securicor chief confident of continued progress

*MR. PETER SMITH, chairman of* **Securicor Group**, remains con*fident of the prospect of con*tinued progress provided by the broadening base of the group's operations in the UK and overseas.

However, he says in his annual statement, "I may perhaps be forgiven a degree of reluctance to predict that the group will necessarily achieve growth at its customary levels, at all events in the short-term," at a time when a period of severe *national austerity is being fore*cast.

*Pre-tax profits rose by 28 per* cent to £6.93m in the year to *September 28, 1979, on turnover* £21m higher at £142.1m, as reported on February 14.

The chairman says that, for the first time in a decade, there was a significant reduction in the frequency of criminal attacks on the group's cash transport operations in the UK during the *year. This helped the profitability* of the insurance division, he adds.

There was heavy demand for the 2/50 Parcels Service introduced last April, and the chairman looks forward to the continued growth of the extended freight and parcels division in the *current year.*

European subsidiaries produced substantially improved results during the year, and are now regularly trading profitably, with the exception of France.

Group fixed assets were up from £27.03m to £33.76m at the year-end. Current assets totalled *£30.87m (£26.9m), including* bank and deposit balances at £5.33m (£7.19m) and debtors of £16.04m (£11.63m). Current liabilities amounted to £29.58m, against £25.36m.

A professional revaluation since the year-end revealed a £3.63m surplus over book value, as already reported.

Meeting, Eccleston Hotel, SW, April 2 at 12.10 pm.

## Braid moves to match demand

*Mr. D. C. Bamford, chairman* of the Braid Group, said at the *AGM that although* the group returned to profits in January "I *cannot* confidently predict that we shall be able entirely to eliminate the first quarter's loss by the half year."

He said that to regain and maintain profitability steps were being taken "to reduce costs *and, if necessary, generally to* adjust the group's activities to *match market conditions.*"

## Mr. Kaye quits Comfort Hotels

Mr. Phillip Kaye has resigned *as a director of Comfort Hotels* **International** less than a year after joining the board.

Mr. Kaye, who was formerly chairman of City Hotels until it was acquired by Comfort in December 1978, has agreed to continue to act as a consultant to the company.

### BERKELEY EXPL.

**Berkeley Exploration and Production**, the newly floated exploration arm of KCA International, has formed a subsidiary in Hong Kong to participate in the geophysical survey over the southern part of the South Yellow Sea. The operator of this seismic programme is BP.

## F. Ratcliffe improves halfway

Following a fall from £201,531 *to £106,288 for the previous year,* taxable profits of F. S. Ratcliffe **Industries** went ahead from £71,361 to £83,469 for the half year ended October 31, 1979.

Turnover of this precision spring manufacturer and painting contractor increased to £1.02m against £805,144.

*Pre-tax figure was struck after* depreciation of £20,157, compared with £17,704, interest paid of £6,506 (£1,006 received), and was subject to tax up £6,000 at £44,000.

Earnings per 25p share are shown as 4.96p (4.2p) and the interim dividend is unchanged at *1p net—last year's final payment* was 4.25p.

### GRAND MET.

The sale of five London hotels *by Grand Metropolitan reported* Friday was through estate agents Brett, Packman who were incorrectly described as solicitors. Solicitors to the deal were Douglas Goldberg and Co.

# Boots add sport goods to range

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE BOOTS stores group is selling sports goods in a major *effort to diversify its product* range.

The company has opened two sports departments so far—the latest in Luton on Friday and the first in Leeds two weeks ago.

It plans to introduce sports goods into four more of its largest stores in the next few weeks. These stores are in Exeter, Manchester, Glasgow and Northampton.

Each department will have a sales area of about 1,000 square feet and cover four main categories: equipment, footwear, clothing and accessories such as bags and holdalls.

The sports catered for include *tennis,* squash, badminton, darts, football, hockey and fishing.

The *experiment is based on* Boots' belief that leisure will be *one of the fastest-growing mar*kets in the 1980s. It also believes its traditional association with health makes sports goods a logical development.

Mr. Hugh Clark, Boots' mer*chandise controller, says:* "The emphasis on service and advice *so essential to the successful* selling of this merchandise *makes it far more suitable for* us and less appropriate for our aggressive, less service-orientated *supermarket* competitors."

Boots has had no problem negotiating supplies of major brands of sports goods, unlike other High Street retailers. Both Tesco and the Argos stores groups have alleged that leading manufacturers will not supply them because of their discount prices.

## Contract furnishers pessimistic

CONTRACT furnishers are likely to face difficulties over the next three years a report on the industry forecasts. There is expected to be no real growth, and some areas will experience a recession.

A survey prepared for the British Contract Furnishing Association estimates the size of the UK market at £1,062m in 1979. The main growth area is in the specialised trade for hotels, restaurants and shops *with a current annual increase* of almost 15 per cent.

The strength of sterling and increased competition from foreign manufacturers led to an *increase in imports* last year of 30 per cent but a decrease in exports for 1978 of 5 per cent. The industry is particularly worried about contract carpeting.

Cut-backs in construction and public *expediture are having a* dampening effect on the *market. Similarly, the reduc*tion in the growth rate of beer *sales is reflected in tradition*ally heavy investment in public houses remaining at the same level for the next two years.

Contract furniture manufacturers reported lower profit margins, slower turnover and longer credit periods than for *furniture manufacturers gener*ally. A survey of 60 contract *furniture manufacturers found* profit margins were about half *of the total for the industry.*









## BIDS AND DEALS

# Bassett sells off Remus

**Geo. Bassett Holdings** has sold its toy and play kit distributor **Remus Play Kits** to Egmont UK for *£99,386* cash. Egmont will also assume responsibility for an *overdraft of £842,070.*

The Bassett board considers the sale will benefit liquidity and reduce outstanding indebtedness.

At March 31, 1979, the deficiency of Remus net assets was £29,507; for 1978-79 it incurred a loss of £48,887.

Egmont is a subsidiary of the Danish publishing group, *Gutenberghus,* and already markets books and magazines in *this country.*

With headquarters in Plymouth, and an assembly and distribution centre at Nelson, in Lancashire, Remus Play Kits markets a wide range of toys through some 4,500 retail outlets in the UK.

An estimated turnover of *Remus in 1979-80 is £2m, and* Egmont regards this as a sound baseline from which *sales may* be expanded.

### SPAIN

| 1980 High | 1980 Low | | Mar. 7 Price % |
|---|---|---|---|
| 310 | 200 | Banco Bilbao | 226 |
| 353 | 204 | Banco Central | 256 |
| 232 | 199 | Banco Exterior | 213 |
| 286 | 200 | Banco Hispano | 225 |
| 174 | 135 | Banco Ind. Cat. | 135 |
| 213 | 156 | Banco Madrid | 156 |
| 348 | 203 | Banco Santander | 274 |
| 280 | 157 | Banco Urquijo | 174 |
| 285 | 202 | Banco Vizcaya | 236 |
| 261 | 195 | Banco Zaragoza | 209 |
| 220 | 100 | Dragados | 100.5 |
| 99 | 58 | Espanola Zinc | 59 |
| 67 | 49 | Fecsa | 57.2 |
| 76 | 23.5 | Gal. Preciados | 33 |
| 77.5 | 52.75 | Hidrola | 63.5 |
| 76 | 52 | Iberduero | 59.2 |
| 178 | 106.5 | Petroleos | 107 |
| 136 | 63 | Petroliber | 63 |
| 130 | 113 | Sogefisa | 113 |
| 82 | 53 | Telefonica | 54.5 |
| 69.7 | 55 | Union Elect. | 63 |

### SHARE STAKES

**Berkeley Exploration and Production**—M. B. Campbell and F. R. Wilks, directors of KCA International have each sold 15,000 £1 shares (50p paid) at *120p.*

**Yorkgreen Investments**—P. J. Neill, director, has bought 50,000 shares.

**Towles**—H. T. H. Peck (Holdings) has acquired 64,500 shares making holding 184,169 (23.02 per cent).

**Young and Co.'s Brewery**—*Lloyds Bank S.F. Nominees,* 71, Lombard Street, London EC3 3BS hold 111,000 "A" ordinary shares (5.3 per cent).

***Lawrie Plantation Holdings***—Walter Duncan and Godricke has *purchased a further 24,518 shares* and now holds 382,619 (15.04 per cent).

**Property Security Investment Trust**—L. N. Tucker, director, has ceased to be interested in 50,000 shares at 180p.

### FURNESS WITHY

Mr. Frank Narby, through his family investment vehicle **Dolphin Investments**, has again increased his holding in Furness Withy. *His holding is now 10.39* per cent, following the purchase *of 30,000 shares at 388p,* 18,750 at 386p, and 18,750 at 384p.

**Helix Investments** has also raised its stake in FW. This now stands at 3.54 per cent, after the purchase of 10,000 shares at 388p, 6,250 at 386p and 6,250 at 384p.

### BROCKHOUSE

Brockhouse has completed the purchase of the assets, product lines and trading name of Epco from Booker McConnell for *£1.1m.*

هكذا من الأهل

## INTERNATIONAL BONDS — BY PETER MONTAGNON

# Stretched on the interest rate rack

IT LOOKED at the end of last week almost as if interest rates would never stop rising. With *inflation still rampant in the* U.S., the six-month Eurodollar rate rose almost two points to 18¾ last week, while some shorter periods were even quoted at over 19 per cent on Friday.

At the same time the dollar surged ahead on foreign exchange markets, touching DM 1.80 for the first time since November. One only needs to glance at interest rate differentials for an explanation, but the differentials themselves mean only greater confusion for international bond markets.

Six-month Eurodollars are now at a 9 point differential with marks and a 12½ differential with Swiss francs. At the start of the year the gaps were *6¾ points and about 8¾ points.*

The consequence of this for continental markets has been inescapable and severe. Last week alone D-Mark and Swiss franc foreign bonds shed an average of 2½ points, but paradoxically there was virtually no change overall in prices of dollar Eurobonds.

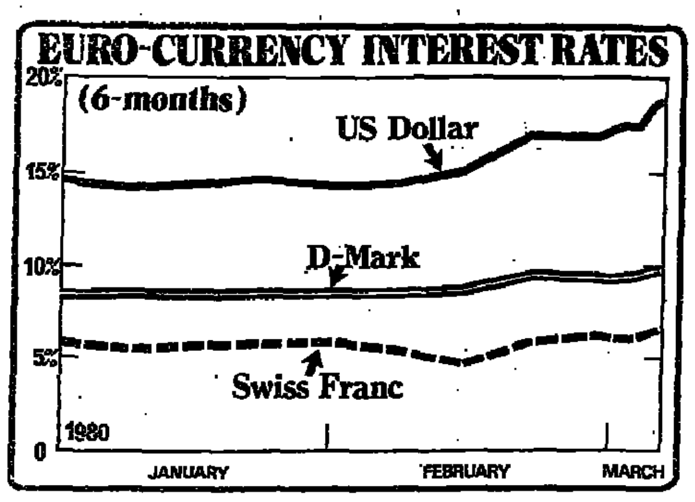
*By any normal standards* dollar bonds should have fallen sharply too as interest rates rose. Instead they have been *underpinned up to a point by* persistent rumours of a major economic package to counter *inflation in the U.S.*

The result has been short covering each time new rumours *hit the market. There is a* genuine feeling that controls on credit, wages and prices of a *determined attempt by the* Carter Administration to cut the Federal budget could lead *to heavy buying of bonds.*

As Kidder Peabody put it in its weekly telex, prices could soar. "Price quotations which are 30 per cent lower in a year can easily recover four or five points in a day."

Nobody wants to be left short if that were to happen, even with interest rates as firm as they are today. This may explain why long-term issues held up well last week, leaving shorter dated issues to be marked down heavily as dollar deposit rates rose.

Indeed, *there were some* marked variations in price performance during the week. In shorter dated issues, for example, Sears Roebuck bonds due 1982 fell 1½ points, while at the longer end of the market Quebec Hydro bonds due 1999 actually gained 2¾ points. The issues now yield 15.93 and 14.80 *respectively.*




In addition a lot of money has been moving out of the hard *currencies into dollars. Most of* it has gone into high yielding short-term instruments, some has gone into those floating rate notes (FRNs) where coupons are set for revision, and some may be waiting to move into Eurobonds when prices begin to display a sound recovery.

Dealers cannot say for sure if and when this will happen. The situation for the dollar market is still fluid in the *absence of fresh economic and* political developments in the U.S. For the most part last *week's was very much a pro*fessional's market, therefore, and very little retail business was reported.

Meanwhile, the hard currency markets have been left in the lurch. Swiss banks have already decided to slow the pace of new issues, in the Samurai market Sweden has postponed its Y30bn issue, and out of an already skimpy DM 580m March issue calendar, one DM 100m issue *has also been delayed.*

*Dealers in Frankfurt now say* that secondary market yields of foreign bonds are touching *10 per cent, a level not seen* since 1975. The implication of the interest differential is that *there is still room for further* rises.

An interesting feature here is *that longer dated domestic* bonds failed to strengthen as German monetary policy *tightened. Normally they derive* some benefit from the price stability implications of tight money, but now it looks as though investors fear another bout of cost-push inflation resulting from higher energy prices.

Meanwhile, the European Investment Bank is to float a DM 100m, eight-year private placement with a coupon of 9 per cent and 99 per cent issue price through Deutsche Girozentrale-Deutsche Kommunalbank.

*In the French franc* sector, the European Coal and Steel Community plans a FFr 150m, six-year bullet issue with an indicated coupon of 14¼ and par issue price. Lead manager is Credit Lyonnais.

Elsewhere, sterling Eurobonds shed 3 points last week as the dollar rose against the pound.

## CURRENT INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **U.S. DOLLARS** | | | | | | | |
| ‖††Export Devel. Corp. | 200 | 1985 | 5 | * | * | Salomon Bros. | * |
| ‡†BNP | 50 | 1987 | 7 | 5¼ⓞ | 100 | National Bank of Abu Dhabi | 5.319ⓞ |
| ‡†C. Itoh (g'teed Dai-Ichi Kangyo) | 50 | 1987 | 7 | 5¼ⓞ | 100 | Paribas | 5.319ⓞ |
| †ENEL | 200 | 1987 | 7 | 5¼ⓞ | 100 | Societe Generale | 5.319ⓞ |
| **D-MARKS** | | | | | | | |
| City of Oslo | 80 | 1990 | 6½ | 8¾ | 99¾ | Deutsche Bank | 8.789 |
| ‡**Oesterreichische Kontrbk. (g'teed Austria) | 50 | 1985 | 5 | 8¾ | 100 | DG Bank | 8.750 |
| ‡**EIB | 100 | 1988 | 8 | 9 | 99 | Deutsche Girozentrale | 9.182 |
| **FRENCH FRANCS** | | | | | | | |
| ECSC | 150 | 1986 | 6 | 14¼ | 100 | Credit Lyonnais | 14.250 |
| **SWISS FRANCS** | | | | | | | |
| ‡EIB | 90 | 1990 | — | 6 | 98½ | Soditic | 6.206 |
| ‡§Sanyo Electric | 100 | 1990 | — | 5½ | 100 | Credit Suisse | 5.500 |
| ‡**Beneficial O'seas Fin. NV | 50 | 1985 | — | 6⅛ | 100 | Credit Suisse | 6.125 |
| ‡**Viennese Girozentrale | 45 | 1985 | — | 6 | 100 | Kredietbank (Suisse) | 6.000 |
| ‡Statoil | 75 | 1987 | — | 6 | 99¼ | SBC | 6.090 |
| ‡**§Dai Nippon Screen | 25 | 1986 | — | 5¾ | 100 | SBC | 5.750 |
| ‡**Kyowa Hakko | 30 | 1985 | — | 6 | 100 | UBS | 6.000 |
| ‡**Cia Telefonica Nacional de Espana | 40 | 1986 | — | 6⅜ | 100 | Lloyds Bank Intnl., BNP (Suisse) | 6.348 |
| **LUXEMBOURG FRANCS** | | | | | | | |
| ‡ECSC | 500 | 1990 | 8.6 | 10 | 99 | Banque Generale du Lux. | 10.164 |

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ⓞ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund. ‖ Postponed.
Note: Yields are calculated on AIBD basis.

## CAPTIVE INSURANCE COMPANIES — BY ANATOLE KALETSKY

# In pursuit of the elusive quarry

EVERY DAY Eurobond salesmen fly out from London and New York to Hamilton, Bermuda, in search of the wealthy, but mysterious, "captives" which have been *lurking there for the past 10* years or so. As often as not they return empty handed, for captives are an elusive quarry, even by the standards of the Eurobond market, where mysterious clients are, of course, by no means rare.

"Captives," which are the *in-house insurance companies* established by many of the world's largest multinational corporations to insure their own risks, are hard to pin down, because their very existence depends on ambiguities in tax laws.

At the last count there were were over 700 captives, ranging in size from $100 shells to the largest, Exxon's Ancon, which is believed to have assets of over $500m. Not far behind Ancon come the captives of Mobil Oil, Gulf Oil, Ford Motor, Phillips Petroleum and Murphy Oil, all with $200m or more. The importance of captives for the Euromarkets arises from the fact that almost all of these *funds are invested in Euro*bonds, because of the tax laws.

In theory, captives are never set up purely for tax reasons. Their primary purpose is supposed to be to reduce their parents' insurance costs. They do so, first, by giving corporate risk managers direct access to the reinsurance market. Second, and more important, they enable the parent to set aside a *self-insurance fund, to pro*vide for the small losses, which the parent can afford to bear *without buying insurance.* In the case of parent companies as mighty as Exxon or Ford, these "small" losses can be very large. But contributions to a self-insurance fund normally have come out of profits, after tax. Premiums paid to a captive, on the other hand, could, at least, in the past, be treated as a tax-deductible business expense.

Needless to say the captives' tax privileges have been strenuously challenged by the *U.S. Internal Revenue Service.* One line of attack has depended on showing that they are not *really foreign corporations if* they contract a significant part of their business in America, they can be subjected to U.S. tax. Hence, most offshore captives insure only their parents' overseas risks, and shun investment in domestic U.S. securities. But the captives' liabilities are normally denominated by their parents in dollars. This gives them little option but to invest the great bulk of their *funds in Eurodollar bonds.*

Secondly, the IRS has charged the captives with not being *genuine insurers, independent* of their parents. On this basis it has disallowed premiums paid to captives as tax-deductible business expenses. To defend themselves against this attack, some captives have started insuring outside risks, or formed risk-sharing pools. On the investment side, they have tried to show that the captives' investment management is conducted quite independently from the activities of the corporate head office in the U.S.

*In actual fact, however,* bond salesmen travelling to Bermuda find that only a handful of the giant captives have investment managers taking decisions there. The vast majority are represented in Bermuda by insurance brokers or specialised captive management companies. Investment decisions are taken by the corporate treasurer in New York, California or Illinois, although transactions have to be booked *scrupulously* through Bermuda—earning one of the local Bermuda banks a fat fee on the way.

Alternatively, the captives' funds can be handed over to independent investment managers. Some bankers naturally suggest that this course is preferable to in-house management, no only because of the banks investment expertise, but also because any evidence of the captive's independence from its parent could be useful in heading off a challenge from the IRS.

For a handful of investment managers, the captives have *provided a bonanza. Morgan* Grenfell, one of the leaders in the field, has over $350m of the insurance money under management coming on for a third of its Eurodollar funds.

The investment managers of Oil Insurance Ltd. (OIL), a large group captive belonging to 31 oil companies, have probably the strongest foothold in captive investment management. For years these have been *Morgan Grenfell, Morgan Guaranty,* Schroders and Credit Suisse First Boston. But last year OIL decided to farm out some of its funds to two additional managers, Rothschilds and Lombard Odier, evidence that in the captive business persistence can ultimately pay off.

## U.S. BONDS — BY STEWART FLEMING

# Scepticism on Wall Street

PRESIDENT CARTER was this weekend locked in discussions with his economic advisers attempting to formulate a new anti-inflation package which could both calm the nation's financial markets and fend off *mounting criticism of his* Administration's economic policy from rivals for the presidency.

But as the performance of the U.S. credit markets last week indicates, on Wall Street at least, there is deep scepticism about the ability of the President to come up with a programme to satisfy the financial markets' demands for convincing anti-inflationary initiatives.

This scepticism has only deepened as the days have passed without any firm indication from the Administration as to the timing of the proposed package. The belief is spreading that the exhaustive consultations within the Administration and also with congressional leaders, *aimed at ensuring that the* proposals will be acceptable to Congress, will result in a dilution of the programme.

In addition, economic news disclosing no easing of inflationary pressures in February and continued strength in the job market contributed to the disarray in the short-term money markets and the weakness in the long bond markets last week.

In spite of a modest rally on Friday, which probably reflected moves to close positions for the weekend rather than any change in sentiment, bond prices ended the week around 2 points lower, with the 11¾ per cent *long-dated Treasury bond* (maturing in 2010) finishing the week at a price of 92. To the *dismay of those who are* dependent upon them, the demoralisation which has over*whelmed the long-term bond* markets and is threatening to permanently alter their structure, showed signs of spreading to the short-term money markets.

Short-term interest rates soared, with the Treasury bill market recording a rise of around 200 basis points and yields on other short-term credit instruments rising similarly. Heavy sales of Treasury bills by the Federal Reserve for the accounts of customers, believed to be foreign central banks, and the Fed's tolerance of a 17 per cent Federal funds rate were factors in the rise in rates. *Higher money market costs re*sulted in a full one percentage point rise in commercial bank prime rates to 17¾ per cent—a level which the banks themselves insisted was below what is justified by market forces.

One faintly encouraging sign during the week was the news of a decline of almost $3bn in the money supply in the latest banking week. But many Money market economists are now forecasting strong growth in the monetary aggregates in *the weeks ahead* and it seems unlikely that many will pin too much hope on a single week's *figures in a notoriously* voltatile series. As the Chase Manhattan Bank's Money market report remarks, "until the Fed perceives tangible results from the record level of rates, especially a pronounced slowdown in the growth of the monetary aggregates and bank credit, the markets cannot reasonably expect an easing in Money market conditions.

**U.S. INTEREST RATES**

| | Week to Mar. 7 | Week to Feb. 29 |
|---|---|---|
| 3-month Treas. bills | 15.78 | 13.95 |
| *3-mth. comcl. paper* | *16.25* | *14.65* |
| Fed funds weekly average | 16.67 | 15.13 |
| Treas. 30-year bond | 12.57 | 12.27 |
| Long-trm AAA utility | 14.00 | 13.50 |
| Long-trm AA indust. | 13.75 | 12.875 |

*Source: Salomon Brothers.*

# FT INTERNATIONAL BOND SERVICE

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcan of Australia 10 89 | 60 | 77½ | 78 | −0⅛ | −0⅛ | 14.48 |
| Alex Howden XW 9½ 91 | 30 | †70 | 72 | 0 | 0 | 14.96 |
| Australian Res. 9¾ 84 | 30 | 83⅝ | 84⅛ | −0⅛ | −0½ | 14.82 |
| Avco O/S Cap. 10¼ 87 | 40 | 75½ | 76 | +0⅛ | +1½ | 15.17 |
| Beneficial Fin. 9¾ 87 | 100 | 78¼ | 78⅝ | −0⅛ | −0½ | 14.72 |
| [illegible] Cred. Rate 12 85 | 100 | 88 | 88¼ | −0⅛ | −1½ | 14.80 |
| [illegible] 11⅝ 90 | 50 | †83 | 84 | −1⅛ | +0⅛ | 14.91 |
| Canadian Pacific 9¾ 89 | 50 | 78 | 78½ | −0⅛ | +1½ | 14.10 |
| Carter Hawley 9¾ 86 | 50 | 79⅞ | 80⅜ | −0⅛ | 0 | 14.76 |
| Comalco Inv. E. 10¼ 81 | 40 | 77⅛ | 77⅞ | −0⅛ | −0⅛ | 14.32 |
| Continental Grp. 9¾ 86 | 100 | 79⅞ | 80⅜ | −0½ | +0½ | 14.62 |
| Dome Petroleum 10 94 | 50 | 73⅛ | 73⅞ | −1 | +2⅛ | 14.42 |
| Dominion Bridge 10¼ 84 | 30 | 86⅞ | 87⅛ | −0½ | −0⅛ | 14.46 |
| EIB 11½ 92 | 80 | 82 | 82⅜ | −0⅛ | +0⅞ | 15.00 |
| EIB 10⅛ 87 | 100 | *†80⅛ | 81 | −0⅛ | −3⅛ | 15.09 |
| EIB 10.15 99 | 100 | *†72⅛ | 73⅛ | −0⅛ | −0⅞ | 14.88 |
| Ekportfin 11¼ 87 | 50 | 86⅛ | 86⅞ | −0⅛ | +0⅞ | 14.43 |
| Export Dv. Cpn. 9¾ 84 | 100 | 83⅞ | 84⅛ | −0½ | −0⅛ | 14.90 |
| Export Dv. Con. 9¾ 84 | 150 | 83⅞ | 84⅛ | −0⅛ | −0⅞ | 14.79 |
| Finland 9¾ 89 | 100 | *†74⅛ | 75⅛ | −1⅛ | +0½ | 15.15 |
| GTE Finance 9¼ 89 | 55 | 76⅛ | 77⅛ | −0⅛ | +0½ | 14.38 |
| GMAC 9¼ 86 | 100 | 79½ | 80 | −0⅛ | −0⅛ | 14.32 |
| GMAC O/S Fin. 11 84 | 100 | 88½ | 89 | −0⅛ | −0⅛ | 14.38 |
| Gould Int. Fin. 9¾ 85 | 50 | 83 | 83½ | −0⅞ | −0⅞ | 14.72 |
| [illegible] 9½ 89 | 75 | †74⅛ | 74⅛ | −0⅛ | −0⅛ | 14.73 |
| Kennecott Int. 9½ 86 | 100 | 77⅛ | 78⅛ | −0½ | +0⅛ | 15.21 |
| Manitoba 9¼ 89 | 75 | 76⅞ | 77⅛ | −0½ | +0⅛ | 14.20 |
| Michelin 10 94 | 125 | 71⅞ | 72⅛ | −0⅞ | +0⅛ | 14.76 |
| Nat. Des. Telecm. 9½ 86 | 100 | 79⅛ | 80¼ | −0½ | −0⅞ | 14.54 |
| New Brunswick 9⅛ 94 | 75 | 72⅛ | 72⅞ | −0⅛ | +0⅛ | 14.45 |
| Newfoundland 10 94 | 50 | 72⅛ | 72⅞ | −0⅞ | +1⅛ | 14.77 |
| Norges Komm. 9⅞ 89 | 100 | *†71 | 71½ | 0 | +0⅛ | 14.79 |
| Norway 9½ 84 | 150 | 84⅛ | 84⅞ | −0⅛ | −0½ | 14.68 |
| Nova Scotia Pwr 9¾ 89 | 50 | 76½ | 77 | −0⅛ | +0⅛ | 14.46 |
| Occidental Fin. 10¼ 84 | 50 | †86 | 86½ | 0 | +0⅛ | 14.81 |
| Orient Leasing 9½ 86 | 25 | †77 | 77½ | −1 | −2 | 15.34 |
| Pennwalt O/S F. 9½ 84 | 25 | 83⅛ | 83⅝ | −0⅛ | −0⅛ | 15.33 |
| Pepsico Cap. 9¼ 84 | 100 | 84⅛ | 85 | −0⅛ | −0⅞ | 14.56 |
| Quebec Hydro 10 99 | 75 | 69½ | 70 | −0⅛ | +2⅛ | 14.80 |
| Sears Roebuck 9 82 | 150 | 88⅞ | 89⅛ | −0⅛ | −1⅛ | 15.93 |
| Statoil 9¾ 89 | 100 | 76⅛ | 77⅛ | −0½ | +0⅛ | 14.17 |
| Sweden 9¾ 89 | 100 | 77⅛ | 77⅞ | −0⅛ | +0⅛ | 14.26 |
| Sweden 9⅞ 86 | 200 | *†81⅛ | 82⅛ | 0 | +2⅛ | 14.50 |
| Sweden 9¾ 84 | 100 | 84½ | 85 | −0⅛ | −0⅛ | 14.60 |
| Unilever NV 9¼ 87 | 100 | 77⅛ | 78⅛ | −0⅛ | +0⅛ | 14.20 |
| Warner-Lambert 9 84 | 100 | 82⅛ | 83⅛ | −0⅛ | −1 | 14.53 |

Average price changes... On day −0½ on week 0

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev. Bk. 8 87 | 100 | 82⅞ | 83⅞ | −1½ | −2⅛ | 9.28 |
| Asian Dev. Bk. 7¼ 89 | 100 | 83⅞ | 84⅝ | −1½ | −2⅛ | 9.89 |
| Australia 8⅛ 90 | 250 | 96⅛ | 97⅛ | −1⅛ | −1⅛ | 8.62 |
| Barclays O'seas 8⅛ 89 | 100 | 82⅞ | 83⅝ | 0 | −0⅛ | 9.60 |
| BFCE 7¼ 87 | 100 | 89⅛ | 90⅛ | −0⅞ | −3⅛ | 9.87 |
| BFCE 8⅛ 95 | 100 | 87 | 88 | −0⅛ | −4⅛ | 9.75 |
| Brazil 8 87 | 150 | 85 | 85⅛ | +0⅛ | −2⅛ | 10.87 |
| CECA 7 91 | 150 | 85⅛ | 85⅞ | −0⅛ | −1⅛ | 9.13 |
| Council of Eur 7⅛ 89 | 100 | 88⅛ | 88⅞ | −0½ | −1⅛ | 9.15 |
| Denmark 7⅞ 85 | 100 | 90½ | 91⅛ | −0⅛ | −2⅛ | 9.99 |
| Denmark 8⅛ 92 | 100 | 89⅛ | 90⅛ | −1⅛ | −3⅞ | 9.76 |
| EEC 7⅛ 94 | 225 | 87⅛ | 88⅛ | −0½ | −3⅛ | 9.46 |
| EIB 7½ 89 | 200 | 87½ | 88⅛ | +0⅛ | −2⅛ | 9.52 |
| Finland Rep. of 8 86 | 150 | 89⅛ | 90⅛ | −1⅛ | −3⅛ | 10.07 |
| Kobe, City of 7½ 89 | 150 | 82⅛ | 83⅛ | −1 | −3 | 9.95 |
| Neder. Gasunie 8 88 | 100 | 91⅛ | 92⅛ | 0 | −0⅜ | 9.60 |
| New Zealand 7½ 87 | 200 | 86⅛ | 86⅞ | −1 | −2⅞ | 9.72 |
| Norges Komm. 7¼ 91 | 150 | 88⅛ | 89⅛ | −0⅛ | −0⅞ | 9.34 |
| Norway 6¾ 84 | 200 | 88⅛ | 89⅛ | −0⅛ | −1⅛ | 9.53 |
| Norway 7½ 85 | 250 | 91⅛ | 92⅛ | −0⅛ | −2⅛ | 9.70 |
| OKB 6 87 | 40 | 83 | 84 | −2 | −3½ | 9.35 |
| OKB 7¼ 88 | 100 | 85⅞ | 86⅞ | −0⅛ | −1⅛ | 9.60 |
| World Bank 7¼ 91 | 400 | 86⅛ | 87⅛ | −0⅛ | −2⅛ | 9.58 |
| World Bank 7⅞ 90 | 250 | 88⅛ | 89⅛ | −0⅛ | −3⅛ | 9.67 |

Average price changes... On day −0⅛ on week −2½

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | 84 | 84½ | −0⅛ | −1⅛ | 7.94 |
| Aumar 5 88 | 60 | 90½ | 91 | +0⅛ | −0⅛ | 8.00 |
| Australia 3¾ 89 | 250 | 82⅛ | 82⅝ | −1⅛ | −2⅛ | 6.20 |
| Bergen, City of 4¾ 91 | 48 | 83⅛ | 83⅞ | −1⅛ | −1⅛ | 6.89 |
| BNDE 5 89 | 75 | 76½ | 77 | −1 | −4½ | 8.72 |
| BMW Overseas 4½ 91 | 100 | 83 | 83⅛ | −1 | −1⅛ | 6.31 |
| Caisse Nat. Tels. 4¾ 89 | 100 | 84 | 84½ | −2½ | −2 | 6.67 |
| Canada 3⅞ 89 | 300 | 82 | 82⅝ | −1⅛ | −2 | 6.23 |
| Copenhagen 4½ 91 | 80 | 83½ | 84½ | −2⅛ | −1½ | 6.51 |
| Council of Eur. 5 89 | 100 | 85 | 85½ | −0⅛ | −2½ | 7.15 |
| EIB 4½ 91 | 100 | †81½ | 82 | −3⅛ | −5⅛ | 6.87 |
| EIB 4⅝ 94 | 100 | 76 | 77 | −0⅛ | −2⅛ | 7.01 |
| Elec. de France 4¾ 88 | 100 | 87 | 87½ | −1⅛ | +1 | 6.20 |
| GZB 4¾ 89 | 100 | 81⅛ | 82 | −1 | −0½ | 6.90 |
| Hilti 4½ 91 | 35 | 83½ | 84½ | −0⅛ | −4½ | 6.22 |
| Int.-Amer. Dev. 4½ 88 | 100 | 75 | 76⅞ | −3⅛ | −4⅛ | 8.19 |
| Jutland Tele. 5½ 90 | 60 | 92½ | 93 | −0⅛ | −1⅛ | 6.51 |
| Malaysia 5 89 | 80 | 86⅛ | 85⅜ | −0½ | −0½ | 7.13 |
| Nippon Tel. & T 4⅝ 88 | 100 | 86 | 86½ | −0⅛ | −2½ | 6.19 |
| Nordic Bank 5 88 | 45 | 86 | 88 | −4 | −2⅛ | 7.17 |
| Norges Komm. 4⅛ 91 | 100 | 81 | 82 | −1⅛ | −1 | 6.72 |
| OKB 3¾ 91 | 100 | 75 | 76 | −0⅛ | −2⅞ | 7.01 |
| OKB 4⅛ 91 | 100 | 79½ | 80 | −0⅛ | −2⅛ | 6.97 |
| Oslo, City of 4½ 91 | 100 | 79½ | 80 | −1 | −1⅛ | 6.97 |
| Shikoku El. Pwr. 4¾ 88 | 100 | 86 | 88 | −0⅛ | −1⅛ | 6.88 |
| Spain 4 91 | 100 | 78 | 79 | −1⅞ | −4⅛ | 6.84 |
| Steweag 4¾ 91 | 60 | 83 | 84 | −1 | −2½ | 6.89 |
| Voest-Alpine 4¾ 89 | 30 | 83 | 84 | −1⅛ | +0⅛ | 7.26 |
| World Bank 4¾ 89 | 100 | †84 | 84½ | −2⅛ | −4⅛ | 6.85 |
| World Bank 4⅝ 89 | 150 | 80½ | 81 | −0⅛ | −4⅛ | 7.23 |
| World Bank 4⅝ 91 | 100 | 82½ | 83 | −0½ | −3½ | 6.81 |

Average price changes... On day −1⅛ on week −2½

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.6 83 | 30 | 84⅞ | 85⅞ | +1⅛ | +0⅛ | 10.68 |
| *Australia 5⅛ 88* | 20 | 77⅞ | 78⅞ | −1⅞ | −3½ | 10.57 |
| EIB 7¼ 89 | 12 | 85⅛ | 86⅛ | −0⅛ | −2⅛ | 10.05 |
| Finland 5.6 83 | 10 | 83⅛ | 84⅛ | +0⅛ | −2⅛ | 11.24 |
| Finland 6.8 88 | 10 | 79⅛ | 80⅛ | −0⅛ | −1⅛ | 10.52 |

Average price changes.. On day 0 on week −1⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Avco Fin. 10¾ 86 C$ | 25 | 80⅛ | 81⅛ | −0⅛ | −0⅛ | 15.17 |
| *Bell Canada 10¾ 88 C$* | 60 | 85⅛ | 85⅞ | −0⅛ | 0 | 14.29 |
| Cr. Foncier 10¾ 84 C$ | 30 | 85 | 86 | −0⅛ | −0⅛ | 14.96 |
| Ex. Dev. Cpn. 10 84 C$ | 50 | 86⅛ | 86⅞ | −0⅛ | −1⅛ | 14.48 |
| Fst. Can. Inv. 10 84 C$ | 50 | 86⅛ | 86⅞ | −0⅛ | −0½ | 14.49 |
| Hudson Bay 10½ 89 C$ | 60 | 79⅛ | 80 | −0½ | −1 | 14.65 |
| Quebec 10½ 86 C$ | 50 | 82 | 83 | +0⅛ | +0⅛ | 14.78 |
| R. Bk. Canada 10 86 C$ | 40 | 83⅛ | 83⅞ | −0⅛ | 0 | 14.19 |
| R. Bk. Canada 10 94 C$ | 40 | 74 | 74⅛ | −0⅛ | +0⅛ | 14.32 |
| Copenhagen 8¾ 91 EUA | 20 | 90 | 91⅛ | −1⅛ | −2½ | 10.15 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 92½ | 94 | −0⅛ | −1⅛ | 9.99 |
| SOFTE 8¾ 89 EUA | 40 | 82 | 83⅛ | −1⅞ | −3⅛ | 11.41 |
| Algemene Bk. 8¾ 84 Fl | 75 | 92⅛ | 92⅞ | −0⅛ | 0 | 10.38 |
| Ned. Gasunie 8¾ 84 Fl | 60 | 90⅛ | 91⅛ | −0⅛ | −0½ | 11.48 |
| Ned. Middbk. 8¾ 84 Fl | 75 | 80⅛ | 81⅛ | −0⅛ | −2⅛ | 11.11 |
| Norway 8¾ 84 Fl | 100 | 92⅛ | 92⅞ | −0⅛ | 0 | 10.68 |
| Norway 8¾ 84 Fl | 100 | 92⅛ | 92⅞ | −0⅛ | +0⅛ | 10.33 |
| Philips Lamps 8¾ 84 Fl | 75 | 92⅛ | 92⅞ | 0 | 0 | 10.71 |
| *Air France 11 84 FFr* | 120 | 90 | 91 | 0 | 0 | 13.92 |
| Euratom 9¾ 87 FFr | 150 | 78⅛ | 79⅛ | −0⅛ | −0⅛ | 14.68 |
| Finland 11 84 FFr | 80 | 87⅞ | 88⅛ | −0⅛ | −1⅛ | 14.53 |
| Finland 11½ 89 FFr | 70 | †85 | 87 | 0 | +0⅛ | [illegible] |
| Gaz de France 11 84 FFr | 150 | 89⅛ | 90½ | −0⅛ | −0⅛ | 14.02 |
| IBM France 11⅛ 84 FFr | 120 | 91⅛ | 92⅛ | 0 | −0⅛ | 14.33 |
| Renault 9¾ 85 FFr | 100 | 81⅛ | 81⅞ | −0⅞ | −1⅛ | 14.99 |
| Saint-Gobain 9¾ 86 FFr | 130 | 79⅛ | 80½ | −0⅛ | −1⅛ | 14.86 |
| Solvay et Cie 9¾ 87 FFr | 125 | 77⅛ | 78⅞ | 0 | −1⅛ | 14.86 |
| Total Oil 9¾ 87 FFr | 150 | 77⅛ | 79 | −0⅛ | +0⅛ | 14.48 |
| Citicorp O/S 13½ 90 £ | 50 | 88⅛ | 89½ | −0½ | −3⅛ | 15.72 |
| EIB 11½ 91 £ | 25 | 77⅛ | 78⅛ | 0 | −2⅛ | 15.76 |
| Finance for Ind. 13 91 £ | 15 | 86⅛ | 87⅛ | −0⅛ | −4⅛ | 15.59 |
| Fin. for Ind. 12½ 89 £ | 30 | 84⅛ | 85 | −0⅛ | −2⅛ | 15.77 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 85⅛ | 86⅛ | −0⅛ | −2⅛ | 15.48 |
| Indonesia 8¾ 91 KD | 7 | †93 | 93½ | 0 | 0 | 9.74 |
| Mitsubishi 7½ 84 KD | 10 | †95⅞ | 96⅛ | +0⅛ | +0½ | 8.67 |
| Norges Kom. 7½ 89 KD | 12 | †93⅛ | 93⅞ | 0 | 0 | 8.52 |
| Occidental 8¾ 91 KD | 7 | †90⅛ | 90⅞ | 0 | 0 | 9.67 |
| Akzo 9¾ 87 LuxFr | 600 | 90 | 91 | −2 | −2⅛ | 11.14 |
| Euratom 8 87 LuxFr | 500 | 85 | 86 | −0⅛ | −2⅛ | 11.07 |
| *Euratom 9¾ 88 LuxFr* | 500 | 94⅛ | 95⅛ | −0⅛ | −4⅛ | 10.69 |
| EIB 9¾ 88 LuxFr | 600 | 94⅛ | 95⅛ | 0 | −3⅛ | 10.69 |
| Volvo 9¾ 87 LuxFr | 500 | 94⅛ | 95⅛ | −0⅛ | −2⅛ | 10.79 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bk. 5¼ 87 | 0¼ | [illegible] | 97⅛ | 2/7 | 15⅛ | 15.53 |
| Banco di Roma Intl. 6 87 | 0¼ | 99⅛ | 99⅛ | 26/4 | 15⅛ | 15.91 |
| Bank of Ireland 5⅞ 89 | †0¼ | 96⅛ | 97⅛ | 21/5 | 15⅛ | 16.65 |
| *Bank of Tokyo 5½ 89* | †0½ | 95⅛ | 97⅛ | 25/4 | 14.56 | 15.03 |
| Barclays O/S Inv. 5 90 | 0¼ | 96 | 96⅛ | 13/6 | 14⅛ | 14.81 |
| Bergen Bk. A/S 6 89 | †0¼ | 97 | 97⅛ | 29/5 | 17⅛ | 17.74 |
| Bque. Indo Suez 5¼ 89 | 0¼ | 97⅛ | 97⅛ | 11/7 | 14.69 | 15.06 |
| Citicorp O/S F. 6 94 | §0¼ | 98⅛ | 98⅛ | 8/3 | 14.44 | 14.58 |
| Citicorp O/S F. 83 | §†0 | 99⅛ | 99⅛ | 22/5 | 16.06 | 16.16 |
| Citicorp O/S F. 84 | †0 | 99⅛ | 99⅛ | 30/5 | 16.94 | 17.04 |
| Co-operative Bk. 6 86 | 0¼ | 97⅛ | 97⅛ | 15/5 | 15.06 | 15.45 |
| Creditanstalt 5½ 91 | §†0¼ | 98⅛ | 99 | 14/3 | 14⅞ | 15.06 |
| CNT 5½ 88 | §0¼ | 98⅛ | 99⅛ | 16/4 | 15.19 | 15.36 |
| GZB 5½ 89 | †0¼ | 97⅛ | 97⅛ | 1/5 | 14⅛ | 15.00 |
| Jugobanka 8 89 | 0⅞ | 92⅛ | 93⅛ | 23/5 | 16 | 17.20 |
| Ind. Bank Japan 5¼ 87 | 0⅛ | [illegible] | 97⅛ | 15/4 | 14⅛ | 14.63 |
| LTCB Japan 5¼ 88 | 0¼ | 96⅞ | 97 | 13/6 | 14⅛ | 14.73 |
| LTCB Japan 5½ 89 | 0¼ | 96⅛ | 96⅛ | 7/6 | 14.19 | 14.72 |
| Mfrs. Han. O/S 5¾ 94 | †0¼ | 98⅞ | 98⅛ | 30/5 | 17⅛ | 17.39 |
| Midland Intl. Fin. 5 89 | 0¼ | 98⅛ | 98⅛ | 20/6 | 15 | 15.23 |
| Nacional Fin. 6¼ 86 | 0¼ | [illegible] | 96⅛ | 25/7 | 14.69 | 15.20 |
| Nat. West 5¼ 94 | §0¼ | 97⅛ | 97⅛ | 11/4 | 14.94 | 15.32 |
| Nippon Credit 5¼ 88 | 0¼ | 96⅛ | 96⅛ | 12/7 | 14.44 | 14.94 |
| Nippon Credit 5¼ 87 | †0¼ | 96⅞ | 97⅛ | 6/5 | 14.69 | 15.13 |
| Royal Bk. Scot. 5¼ 94 | §†0¼ | 98⅛ | 98⅛ | 11/4 | 14⅛ | 14.87 |
| Soc. C. de Boue. 6½ 87 | 0¼ | 98⅛ | 98⅞ | 3/4 | 13⅛ | 13.71 |
| Sogenal 5¾ 89 | §0¼ | 96⅛ | 96⅛ | 13/7 | 14.44 | 14.95 |
| Standard Chart. 5¼ 90 | 0¼ | 98 | 98⅛ | 6/9 | 17⅛ | 17.56 |
| Sweden 8¾ 91 | †0¼ | [illegible] | 97⅛ | 18/4 | 14.44 | 14.87 |
| TVO Pwr. 9 91 (D-lock) | 0¼ | †97⅛ | 98 | 24/5 | 15.31 | [illegible] |
| Williams & Glyn 5¾ 91 | 0¼ | 97⅛ | 98 | 14/3 | 13 | 13.30 |
| Bq. E. d'Alg. 4¾ 89 SF | 0⅛ | 91 | 92 | 18/6 | 6.69 | 7.31 |

Average price changes . On day 0 on week −0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Aktiebolag 7¾ 89 | 10/79 | 145 | 114 | 115 | −1 | −7.09 |
| Ajinomoto 7½ 95 | 2/80 | 618 | *88 | 89 | −2 | 2.78 |
| Alco Int. Fin. 9½ 94 | 1/80 | 40 | 89 | 90 | −1½ | 20.82 |
| Asahi Optical 7 94 | 11/79 | 605 | 74½ | 75½ | −3⅛ | −7.44 |
| Canon 6¾ 94 | 8/79 | 570 | 94⅛ | 95⅛ | −2⅛ | 1.43 |
| Ciba-Geigy O/S F. 4 94 | 9/79 | 675 | 74 | 75½ | −7⅛ | −4.33 |
| Credit Suisse 4¾ 93 | 10/79 | [illegible] | 93⅛ | 95⅛ | −3⅛ | −7.71 |
| Daiei Inc. 6½ 94 | 11/79 | 1020 | 87⅛ | 88 | −1⅛ | 21.72 |
| Enserch Fin 9½ 94 | 7/80 | [illegible] | [illegible] | 107 | −1 | 6.07 |
| LPC Internatnl. 8 89 | 9/79 | 73.33 | 101⅛ | 102⅛ | −13⅛ | 1.26 |
| Meidensha Elec. 7 94 | 12/79 | [illegible] | †95⅛ | 96⅛ | −1 | 10.98 |
| Mitsubishi Cp. 6½ 94 | 10/79 | 604 | †114⅛ | 116 | −2⅛ | −0.78 |
| Nippon Seiko 7¾ 94 | 12/79 | [illegible] | †98⅛ | 99⅛ | −1 | −3.29 |
| Nitto Elec. Ind. 6 94 | 7/79 | 735 | 87⅛ | 89 | 0 | 4.05 |
| Toshiba Cpn. 7¾ 94 | 10/79 | 198 | 85⅛ | 88⅛ | −1⅛ | −3.18 |
| Union Bk. Switz. 5 89 | 2/80 | 176 | 92⅛ | 94 | −1⅛ | −6.75 |
| Fujitsu 5 84 DM | 7/79 | 475 | 87⅛ | 88⅛ | −2 | 14.26 |
| Kansai Elec. 4 84 DM | 4/79 | 1734 | 80⅛ | 81⅛ | −0⅛ | 49.16 |
| Tokyu Ld. Cp. 4 86 DM | 4/79 | 493 | 71⅛ | 72⅛ | −0½ | 33.01 |
| Uny Co. 6½ 86 DM | 11/79 | 1071 | 86⅛ | 87⅛ | −0⅛ | 28.09 |

 Data supplied by Inter-Bond Services (a subsidiary of dataSTREAM International).

**BONDTRADE INDEX AND YIELD**

| | Medium term | | Long term | |
|---|---|---|---|---|
| Mar. 7 | 86.76 | 12.02 | 71.94 | 13.18 |
| Feb. 29 | 86.89 | 11.93 | 71.54 | 13.29 |
| High '80 | 91.03 | (2/1) | 89.19 | (2/1) |
| Low '80 | 86.76 | (7/3) | 71.54 | (29/2) |

**EUROBOND TURNOVER**
(nominal value in $m)

| | Cedel | Euroclear |
|---|---|---|
| *U.S. $ bonds* | | |
| Last week | 648.1 | 2,282.6 |
| Previous week | 627.0 | 2,223.6 |
| *Other bonds* | | |
| Last week | 308.5 | 299.1 |
| Previous week | 264.6 | 288.5 |

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on March 7

# WORLD STOCK MARKETS

## NEW YORK

## CANADA

## HOLLAND

## JAPAN

## ITALY

## NORWAY

## SWEDEN

## SWITZERLAND

## SINGAPORE

## SOUTH AFRICA

Financial Rand US$1.04¼
(Discount of 15½%)

## BRAZIL

Spanish prices, Page 20

NOTES: Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## TEL AVIV

## HONG KONG

## AUSTRALIA

## FRANCE

## AUSTRIA

## BELGIUM/LUXEMBOURG

## GERMANY

## DENMARK

# Indices

## NEW YORK—DOW JONES

| | Mar. 7 | Mar. 6 | Mar. 5 | Mar. 4 | Mar. 3 | Feb. 29 | 1979-80 High | 1979-80 Low | Since Cmpil'n High | Since Cmpil'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ● Industr'ls | 820.56 | 828.07 | 844.88 | 856.48 | 854.35 | 863.14 | 905.84 (13/2/80) | 796.67 (7/11) | 1051.70 (11/73) | 41.22 (2/7/32) |
| H'me B'nds | 64.24 | 64.06 | 65.15 | 65.60 | 65.69 | 65.80 | 86.10 (15/8) | 64.06 (6/3/80) | — | — |
| Transport. | 272.84 | 277.09 | 285.45 | 286.81 | 287.54 | 289.44 | 305.80 (8/2/80) | 205.78 (27/2) | 305.80 (8/2/80) | 12.26 (8/7/32) |
| Utilities | 105.42 | 104.80 | 106.34 | 107.85 | 108.75 | 109.68 | 115.46 (13/2/80) | 98.24 (24/10) | 165.62 (20/4/69) | 10.52 (28/4/42) |
| Trading Vol. 000's | 50,950 | 49,510 | 49,240 | 44,810 | 36,690 | 36,810 | — | — | — | — |

●Day's high 852.51 low 813.25

| | Feb. 29 | Feb. 22 | Feb. 15 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 6.02 | 5.97 | 6.50 | 6.04 |

## STANDARD AND POORS

| | Mar. 7 | Mar. 6 | Mar. 5 | Mar. 4 | Mar. 3 | Feb. 29 | 1979-80 High | 1979-80 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 121.58 | 125.71 | 126.66 | 128.38 | 127.93 | 129.29 | 134.47 (13/2/80) | 107.08 (27/2) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| §Composite | 106.90 | 108.65 | 111.13 | 112.78 | 112.60 | 113.66 | 118.44 (13/2/80) | 96.13 (27/2) | 125.86 (11/1/73) | 4.40 (1/6/32) |

| | Mar. 5 | Feb. 27 | Feb. 20 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.14 | 5.07 | 4.89 | 5.26 |
| Ind. P/E Ratio | 7.95 | 8.04 | 8.32 | 8.73 |
| Long Gov. Bond Yield | 12.32 | 12.61 | 12.67 | 9.06 |

## N.Y.S.E. ALL COMMON

| Mar. 7 | Mar. 6 | Mar. 5 | Mar. 4 | 1979-80 High | 1979-80 Low |
|---|---|---|---|---|---|
| 60.96 | 61.94 | 63.38 | 64.36 | 67.77 (13/2/80) | 53.88 (27/3) |

Rises and Falls

| | Mar. 7 | Mar. 6 | Mar. 5 |
|---|---|---|---|
| Issues Traded | 1,926 | 1,937 | 1,907 |
| Rises | 358 | 174 | 283 |
| Falls | 1,233 | 1,505 | 1,316 |
| Unchanged | 335 | 258 | 308 |
| New Highs | — | — | 18 |
| New Lows | — | — | 217 |

## MONTREAL

| | Mar. 7 | Mar. 6 | Mar. 5 | Mar. 4 | 1979-80 High | 1979-80 Low |
|---|---|---|---|---|---|---|
| Industrial | 392.58 | 409.02 | 421.86 | 420.50 | 423.80 (29/2/80) | 219.19 (2/1) |
| Combined | 354.68 | 366.94 | 376.60 | 375.85 | 378.90 (29/2/80) | 225.49 (2/1) |
| TORONTO Composite | 2045.7 | 2086.5 | 2185.9 | 2164.9 | 2192.5 (29/2/80) | 1515.8 (2/1) |

## NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| Am Tel. & Tel. | 1,258,200 | 45¾ | −1 | Gulf Western | 530,800 | 18⅝ | +⅛ |
| Mobil | 1,047,400 | 77½ | −5⅞ | Exxon | 527,300 | 61 | −2⅝ |
| Gulf Oil | 641,800 | 46¾ | −3½ | Boeing | 450,400 | 57¾ | −1½ |
| IBM | 625,000 | 61 | −⅛ | Std. Oil Indiana | 435,000 | 97½ | −7⅛ |
| Texaco | 562,500 | 37 | −⅝ | Norton Simon | 432,800 | 12⅝ | −⅛ |

| | Mar. 7 | Mar. 6 | Mar. 5 | Mar. 4 | 1979-80 High | 1979-80 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| Sydney All Ord. (1956/69) | 861.03 | 877.54 | 874.00 | 882.25 | 947.47 (14/2/80) | 546.72 (2/1/79) |
| Metals & Minls (1966/59) | 5692.98 | 5912.58 | 5846.98 | — | 6680.95 (14/2/80) | 2587.34 (2/1/79) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 69.05 | 69.12 | 69.17 | 69.34 | 69.40 (7/1/80) | 61.65 (2/3/79) |
| **BELGIUM** | | | | | | |
| Belgian SE (31/12/65) | 95.75 | 97.15 | 97.82 | 97.65 | 109.47 (5/10) | 95.75 (7/3/80) |
| **DENMARK** | | | | | | |
| Copenhagen SE (1/1/73) | 75.80 | 75.75 | 74.78 | 75.90 | 97.46 (25/7) | 74.78 (5/3/80) |
| **FRANCE** | | | | | | |
| CAC General (29/12/61) | 109.80 | 112.10 | 112.2 | 112.1 | 116.2 (14/2/80) | 82.4 (16/2/79) |
| Ind Tendance (28/12/73) | 105.90 | 105.90 | 106.5 | 108.0 | 109.7 (13/2/80) | 86.6 (3/1/80) |
| **GERMANY** | | | | | | |
| FAZ-Aktien (31/12/58) | 225.47 | 228.88 | 231.21 | 230.78 | 265.60 (18/1/79) | 218.11 (21/1/80) |
| Commerzbank(Dec. 1953) | 706.60 | 720.50 | 722.4 | 721.6 | 839.80 (16/1/79) | 688.5 (21/1/80) |
| **HOLLAND** | | | | | | |
| ANP-CBS General (1970) | 80.50 | 82.5 | 85.0 | 81.7 | 94.2 (24/1/79) | 80.50 (7/3/80) |
| ANP-CBS Indust. (1970) | 62.60 | 64.1 | 64.2 | 62.9 | 86.9 (24/1/79) | 62.2 (28/2/80) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 835.63 | 866.28 | 857.51 | 878.97 | 966.17 (15/2/80) | 493.63 (2/1/79) |
| **ITALY** | | | | | | |
| Banca Comm. Ital (1972) | 95.02 | 95.18 | 94.16 | 94.19 | 95.51 (26/2/80) | 68.25 (2/1/79) |
| **JAPAN** | | | | | | |
| Dow Average (16/5/49) | 16825.18 | 6738.09 | 6794.04 | 6778.27 | 68 38.98 (14/2/80) | 5925.87 (10/4, |
| Tokyo New SE (4/1/68) | 457.06 | 463.36 | 468.02 | 466.68 | 47 2.85 (14/2/80) | 435.13 (15.7) |
| **NORWAY** | | | | | | |
| Oslo SE (1/1/72) | 150.14 | 151.88 | 129.20 | 130.50 | 144.78 (14/2/80) | 74.46 (16/1/79) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 498.56 | 504.11 | 499.07 | 498.67 | 504.11 (6/3/80) | 346.54 (23/2/79) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | 586.9 | 604.5 | 589.9 | 590.8 | 604.5 (6/3/80) | 228.40 (17/4) |
| Industrial (1958) | 508.8 | 506.7 | 502.8 | 499.4 | 517.2 (14/2/80) | 270.58 (2/1/79) |
| **SPAIN** | | | | | | |
| Madrid SE (28/12/79) | 102.46 | 102.85 | 102.76 | 103.19 | 103.28 (21/2/80) | 88.31 (15/1/80) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 375.88 | 378.82 | 372.18 | 371.28 | 401.34 (6/2/79) | 351.37 (24/9) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Cp. (31/12/58) | 297.90 | 301.8 | 304.4 | 304.4 | 329.10 (2/5) | 294.00 (3/1/79) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | — | 133.5 | 135.6 | 136.9 | 143.5 (13/2/80) | 122.2 (1/3/79) |

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

APPOINTMENTS

# New chief for Wilkinson Match U.S. companies

Mr. A. D. Shanagher, finance director of WILKINSON MATCH, has assumed operational responsibility for the group's Wilkinson Sword, Eddy Match and Scripto businesses in North America.

★

Mr. Peter W. Longland, director of BAT Industries, has been appointed chairman of WORMS INVESTMENTS. Mr. Philippe Brugère-Trelat, director of WORMS (UK), a subsidiary of Banque Worms, Paris, has been appointed managing director. He succeeds Mr. Giles Conway-Gordon.

★

Mr. J. M. Heggadon has joined *THE ROM RIVER COMPANY*, a subsidiary of The Rugby Portland Cement Company, as sales and marketing director. He was *previously sales and marketing* director with Reed Building Products.

★

At the ROBERT PURVIS ORGANISATION Mr. Paul Cherry and Mr. John Lintin have been appointed consultants.

★

Mr. Archie Gilchrist has been appointed managing director of VOSPER PRIVATE, in succession to Mr. Robert Du Cane who is retiring from the Singapore company at the end of April to return to Europe. Mr. Du Cane has been managing director of *this wholly-owned subsidiary of* Vosper, for the past seven years after a life-long connection with the Vosper Group. Mr. Gilchrist has held Board appointments with Swan Hunter, Brown Brothers and, more recently, as chairman and managing director of Govan Shipbuilders, in Glasgow.

★

Mr. Paul Haskell, formerly director of personnel of Booz, Allen and Hamilton International, has joined BERNDTSON INTERNATIONAL, executive search consultants, as a partner in the Paris office. Mr. Haskell, who has been in Paris since 1964, was previously a consultant with McKinsey and director of management information and control at Rhône Poulenc.

★

GENRAD has appointed Mr. *Tom McCann as European* marketing manager for the GenRad/Futuredata range of microprocessor development systems. Futuredata was acquired by GenRad in February 1979. Mr. McCann joins GenRad from Intel.

★

Mr. Clive Ian Moffatt, business editor of the Investors Chronicle magazine, has been appointed to the new position of corporate affairs consultant to GUINNESS PEAT, the international trading, banking and commodity group. Mr. Moffatt joins the company *today and will* be based at the Group's London headquarters.

## LOCAL AUTHORITY BOND TABLE

| Authority (*telephone number in parentheses*) | Annual Interest gross interest | payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Knowsley (051 548 6555) ......... | 15⅝ | ½-year | 1,000 | 1 |
| Redbridge (01-478 3020) ......... | 14⅞ | ½-year | 200 | 2-3 |
| Redbridge (01-478 3020) ......... | 14 | ½-year | 200 | 5-6 |

## Public Works Loan Board rates

Effective from March 8

| Years | Quota loans repaid by EIP† | Quota loans repaid A‡ | Quota loans repaid at maturity§ | Non-quota loans A* repaid by EIP† | Non-quota loans A* repaid A‡ | Non-quota loans A* repaid at maturity§ |
|---|---|---|---|---|---|---|
| Up to 5 ............... | 15¾ | 15½ | 15¼ | 16⅜ | 16¼ | 16 |
| Over 5, up to 10 ... | 15⅝ | 15⅜ | 15¼ | 16 | 16 | 15⅞ |
| Over 10, up to 15... | 15¼ | 15⅛ | 14⅞ | 15¾ | 15⅝ | 15⅞ |
| Over 15, up to 25... | 15 | 14⅞ | 14¾ | 15½ | 15⅜ | 15¼ |
| Over 25 ............ | 14⅞ | 14¾ | 14⅝ | 15⅜ | 15¼ | 15¼ |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INSURANCE

# Long-term liability could pose problem

BY OUR INSURANCE CORRESPONDENT

NOT LONG before Christmas Mr. Michael Heseltine, Environment Secretary, put several ideas to the National House-*Building Council for changes in* our building control system "to stimulate wide public discussion and debate."

Mr. Heseltine stressed that he had at that stage no commitment to any particular proposal, but he was determined that, whatever changes are eventually made, minimum national building standards for public health and safety should be maintained.

At present there are 389 enforcing authorities, and about 4,000 building control officers, supervising the observance of the Public Health Acts and many regulations.

The reformative purpose seems to be to transfer, so far as possible, the control of standards from the public to the private sector, with consequent saving in cost in local and regional government, and hopefully a reduction in the potential financial liabilities that currently arise from the existing system.

In the private housing sector the NHBC's present inspection functions to some degree already duplicate the work done by local authorities, and the Minister, in his pre-Christmas speech, asked the council if it could in principle assume responsibility *for control of private housing*, and in detail consider a number of practical operational problems.

*But there is no organisation* similar to the NHBC to step in and become a watchdog in the field of commercial and industrial *building: as the Minister* said, there is no ready made solution to hand. Seemingly some responsibility would of necessity have to remain with local or regional authorities but the Minister has suggested "certification by qualified designers and engineers which would be backed by insurance."

This suggestion apart, insurers must be interested from both material damage and liability standpoints in the Minister's reformative ideas—and will be watching the development of firm proposals to ensure that there is no reduction in standards, no consequent enhancement of hazards in the future which insurers already cover.

Assuming a greater burden is to be thrown on designers, engineers, and so on, where stands the insurance market at this moment? Negligence cover is widely available to provide protection against personal injury claims and against claims for damage to property other than the building in question—but what might be called defec*tive workanship insurance is not* available for contractors to enable them to put right defects in buildings they have constructed.

So the certification idea poses considerable problems for insurers, and moreover the size of those problems grows directly in relation to any guarantee period that might be contemplated. Objectively a 10-year *period might well be thought to* be the minimum, and every insurance mind must boggle at the thought of providing a de*fects guarantee*, enforceable *in* 1990 in that year's inflated pounds, but financed by premium collected in 1980's money.

*Coming back to the NHBC, if* the Council were to be given greater responsibility for private housing, it would presum*ably think it necessary to come* back to the insurance market for greater protection. The Council had cover from 1965 *until two years ago, but in 1978* it decided to form its own insurance company, to back the NHBC scheme: it would scarcely *seem prudent to subject that* company to the financial uncertainties of any wider responsibility but here again, would insurers *want to step in to pick* up any long term liability?

Liability apart, insurers have one positive axe to grind — particularly in the domestic sector where subsidence cover is generally provided. They consider there is urgent need for the introduction of better control over the release of building land, and for the improvement in the standards for the design of foundations on substandard land. And insurers will continue to press for these changes irrespective of how the debate goes on the wider issues the Minister has raised.

## Caution as fuel prices waver

UNCERTAINTY about changing fuel prices could depress sales of central heating installations in Britain, Mintel, the marketing intelligence journal, warns today.

The planned 29 per cent rise in gas prices had made a mockery of many of the claims on which gas central heating's success had been based. "All this must make consumers more cautious before spending large capital sums on central heating systems," Mintel says.

## CONTRACTS AND TENDERS



## COMPANY NOTICES



## LEGAL NOTICES



## TRAVEL

**CONTRACTS**

# £2m orders for Peter Brotherhood

★

PETER BROTHERHOOD turbine division has secured orders for nine waste heat recovery turbo generator sets representing 7,850 kW of power generation valued at £1.25m. The industrial process machinery division has an order for 50 process drying units valued at £500,000. Other major orders for industrial machinery total £250,000.

★

Won by the Penistone-based Bingham pump division of **DAVID BROWN GEAR INDUSTRIES** is an order for 11 pumps with a total order book value of over £1m. The pumps are for the BP Magnus oil recovery platform. The order was placed by the platform contractors Matthew Hall.

★

**TI ACCLES AND POLLOCK** has won an £850,000 order from Whessoe Heavy Engineering for cold drawn seamless pressure tube components for the advanced gas cooled reactors being built in Heysham, Lancashire and Torness, Scotland.

★

The hydrospace division of **STANDARD TELEPHONES AND CABLES** has won a contract, worth about £500,000, from Shell/Esso for a subsea oil wellhead control cable. The 12½-mile cable will be installed in the North Sea to provide the command and monitoring link for an underwater manifold centre currently under construction.

★

Orders worth more than £750,000 for industrial boilers using the fluidised bed system of firing have been secured by **NEI THOMPSON COCHRAN**, a Northern Engineering Industries company. Two 4.0m BTU/hr boilers are to be supplied to the National Coal Board for the Gascoigne Wood Drift site, part of the development programme in the Selby coalfield, while John Smith's Tadcaster Brewery has ordered one 15,000 lbs/hr F&A 212 degrees F single flue fluidised bed boiler together with three 25,000 lbs/hr F&A 212 degree F Coalmaster twin-flue boilers suitable for initial firing on a chain grate stoker with facility for later conversion to fluidised bed firing.

★

A £478,000 design and build contract has been awarded to **P. WHELAN** for the construction of warehouse units on the Woolsington Trading Esate at Callerton, Newcastle upon Tyne. The client is Bellway which will be responsible for all site development and external works. Total floorspace will be 54,000 sq ft with 14 units in one terraced block, ranging in size from 3,000 sq ft to 9,000 sq ft. The Whelan superstructure will be provided by Butler International. The contract should be completed by December.

★

A £400,000 contract for the supply and installation of an EBX 8000 electronic exchange in the Scottish Telecommunications Board's Glasgow area office, has been won by **PYE BUSINESS COMMUNICATIONS** of Cambridge. The new exchange is scheduled to be operating by September. Initially, it will have the capacity to handle 90 incoming lines and 74 outgoing lines with direct dialling. There will be a total of 1,000 extensions, and the new exchange will be controlled from five operator positions.

★

The Central Computer and Telecommunications Agency has awared **DATA PROCESSING CUSTOMER ENGINEERING PTY.** a contract to maintain the ICL System 4-70 computer installation at the Transport and Road Research Laboratory, Crowthorne, Berkshire. With a potential value of £240,000 over five years, this is the company's first Government contract.

★

**MARCONI SPACE AND DEFENCE SYSTEMS**, a GEC-Marconi Electronics company, has been awarded a Ministry of Defence contract to design and supply a new generation of divers' communication systems, which will combine well-proven techniques in line communication and helium speech processing with the latest advances in through-water communication technology.

★

An order has been placed by Ulster Television, the Northern Ireland ITV programme company, with **SONY BROADCAST** for an outside broadcast vehicel, based on a 10-ton 24 ft Bedford chassis.

Surrey County Council has ordered a second **SPERRY UNIVAC 1100/80** computer system valued at about £1.6m.

★

Building services contracts, worth over £2m, have been won by **ROSSER AND RUSSELL (NORTHERN)**, Leeds, Hull and Thornaby. They include a £1m contract for all services in the new customer products development laboratory for the Boots Company on its Beeston complex, near Nottingham.

★

An order valued at over £1m has been won by **CRAVEN TASKER (SHEFFIELD)** for the supply of refrigerated trailers to Ess-Food of Denmark. Designed for operation between Scandinavia and UK the 8.3m long Taskold chassisless trailers will transport the bacon in special stainless steel rapid-loading pallets. These run on stainless steel roller tracks incorporated in the trailer floor.

★

**HIGGS AND HILL BUILDING** has been awarded an £850,000 contract to design and construct a barrack block at Gibraltar Barracks, Royal Engineers, Hawley, for the Property Service Agency Defence Works (Army), Chessington.

★

**AUSTIN HALL**, Paddock Wood, Kent, a Pentos company, has won an order worth about £500,000 to build a single and two storey main terminal building, together with car and freight canopies, on reclaimed land at Ramsgate, Kent, a site that Thanet District Council has reclaimed behind a new sea wall. The majority of this land is leased to Dunkerque/Ramsgate Ferries, who will operate a new cross-Channel ferry service from May.

★

Three cranes (worth a total of £250,000)—two destined for what will be Europe's biggest coal mining complex at Selby—are being built for the National Coal Board's Yorkshire Area by Scottish crane manufacturers **CARRUTHERS**, East Kilbride, a Burmah Engineering Group company. Two 20-tonne lift, 30-metre span cranes will be installed at the Riccall and Stillingfleet shafts of the Selby mine while the third, a 40.5-tonne capacity electric overhead travelling crane with a span of 16.9 metres, will be installed in the winding and generating house at Frickley/South Elmsall colliery near Doncaster.

★

An order from Phillips Petroleum Exploration UK, worth about £180,000, for air filtration systems, intake and exhaust ducting, and enclosure ventilation systems required for five turbo generator sets being supplied to Phillips by Ruston Gas Turbines has been received by **ENVIRONMENTAL ELEMENTS (UNITED KINGDOM)**.

★

An order worth about £140,000 has been placed with **ENERGY EQUIPMENT** by Dengie Crop Driers, Southminster, Essex, for the supply of a coal-fired fluid-bed combustor which will act as a hot-gas generator and replace an oil-fired unit on an existing Atlas rotary-drum crop drier. Designed for a maximum output of 31m B.Th.U./hour, the unit will operate on the two-stage principle with primary combustion, virtually a gasification process, occurring within the bed, and secondary combustion in the free-board zone above the bed. It will supply hot gases at 1100 deg C.

★

**BABCOCK WOODALL-DUCKHAM** has won a West German contract to provide a design and know-how package for a Stretford unit to desulphurise gas from a coal gasification plant. The plant is to be built for Vereinigte Electrizitatswerke Westphalen AG (VEW) by a consortium of German engineering contractors. The plant is part of a development being undertaken to replace natural gas currently used in German power stations. It will gasify coal at a rate of 15 tonnes an hour.

# This week in Parliament

**TODAY**

COMMONS—Supply day debate on growing burden of owning or renting a house. Supply day debate on immigration. Outstanding supplementary estimates and votes. Motion on changes in immigration rules. Lords amendments to Protection of Trading Interests Bill and Bees Bill.

LORDS—Education Bill, committee. National Heritage Bill, report.

SELECT COMMITTEES—Home Affairs. Subject: law on public order. Witnesses: Local Authority Associations. (Room 8, 4.30). Public Accounts. Subject: Capital structure and Exchequer returns. Witnesses: British Airports Authority, Permanent Secretary to Department of Trade. (Room 16, 4.45 p.m.).

**TOMORROW**

COMMONS — National Health Service (Invalid Direction) Bill, second reading. Motions on Representation of the People (Variation of Limits on Candidates' Election Expenses) Order and Deaconesses and Lay Workers (Pensions) Measure.

LORDS—Education Bill, committee.

SELECT COMMITTEES — Foreign Affairs, Overseas Development Sub-committee. Subject: Increase in overseas students' fees. Witnesses: Dr. Rhodes Boyson, Under Secretary for Education; Foreign Office; Overseas Development Administration. (Room 16, 4 p.m.).

**WEDNESDAY**

COMMONS—Consolidated Fund

LORDS—Debate on Report of the Independent Commission on International Development Issues. Short debate on residential homes and care for the elderly.

SELECT COMMITTEES. — Education. Subject: Courses in higher education. Witnesses: National Union of Students, Society of Education Officers, (Room 6, 9.30 a.m.). Foreign Affairs: Subject: Consequences of Soviet expansion for British foreign policy. Witnesses: Mr. Kaser, Dr. Yapp. (Room 15, 10.45 a.m.). Industry and Trade. Witnesses: Officials from Department of Trade, Department of Industry and British Overseas Trade Board. (Room 16, 10.30 a.m.).

Energy. Subject: Government's nuclear power programme. Witnesses: Dr. C. Komanoff, consultant specialising in economic cost of nuclear power. (Room 8, 10.45 am). Employment. Subject: Manpower Services Commission Corate Plan, 1980-84. Witnesses: Earl of Gowrie, Minister of State for Employment, Mr. James Lester, Under Secretary for Employment. (Room 15, 3.30 pm.) Public Accounts. Subject: Tender to contract scheme. Witnesses: Export Credits Guarantee Department. (Room 16, 4.30 pm).

**THURSDAY**

COMMONS — National Health Services (Invalid Direction) Bill. Motions on Appropriation (Northern Ireland) Order and County Courts (Northern Ireland) Order.

LORDS—Education Bill, committee. Appropriation (NI) Order and County Courts (NI) Order.

SELECT COMMITTEES—Agriculture. Subject: Implications of the Common Agricultural Policy on milk and dairy products. Witnesses: Union of Shop, Distributive and Allied Workers. Transport and General Workers Union, National Union of Agricultural and Allied Workers. (Room 16, 11.00 am.) Home Affairs, Sub-committee on Race Relations and Immigration. Subject: Race relations and the Sus law. Witnesses: Commission for Racial Equality, Runnymede Trust. (Room 15, 4.30 pm.) European Legislation. Subject: Common Agricultural Policy. Witnesses: Mr. Peter Walker, Minister of Agriculture. (Room 16, 4.30 pm.)

**FRIDAY**

COMMONS—Private members' Bills.

LORDS—Companies Bill, consideration of Commons amendments.

# Anglo American Gold Investment Company Limited

*(Incorporated in the Republic of South Africa)*

## Preliminary Profit Announcement and Balance Sheet and Notice of Final Dividend on the Ordinary Shares

Subject to final audit, the abridged consolidated income statement of Anglo American Gold Investment Company Limited and its subsidiary companies for the year ended February 29 1980 and the abridged consolidated balance sheet at that date, are as follows. The investment income for the year is comparable with that for the previous fourteen month period with the exception of a third dividend of R1 244 000 received during that period from Gold Fields of South Africa Limited.

**CONSOLIDATED INCOME STATEMENT**

| | Twelve months ended 29.2.80 R000's | Fourteen months ended 28.2.79 R000's |
|---|---|---|
| Investment income | 133 885 | 74 374 |
| Interest earned | 1 292 | 602 |
| Surplus on realisation of investments | 51 | 1 540 |
| Underwriting commission | — | 233 |
| | 135 228 | 76 749 |
| Deduct: | | |
| Administration and other expenses | 1 803 | 1 419 |
| Interest paid | 707 | 1 741 |
| Prospecting and mineral rights expenses | 2 152 | 1 898 |
| Provision no longer required against loans and investments | — | (215) |
| | 4 662 | 4 843 |
| Group profit before taxation | 130 566 | 71 906 |
| South African normal taxation | — | 425 |
| Profit after taxation | 130 566 | 71 481 |
| Preference dividends | 2 625 | 1 737 |
| Equity earnings | 127 941 | 69 744 |
| Deduct: | | |
| Dividends | | |
| No. 63—(interim) of 175 cents per share | 38 416 | 21 952 |
| No. 64—(final) of 350 cents per share | 76 832 | 32 928 |
| | 115 248 | 54 880 |
| Transfer to general reserve | 12 000 | 14 000 |
| | 127 248 | 68 880 |
| | 693 | 864 |
| Unappropriated profit from previous year | 5 046 | 4 079 |
| Adjustment thereto arising from changes in exchange rates | 46 | 103 |
| | 5 092 | 4 182 |
| Unappropriated profit. February 29. 1980 | 5 785 | 5 046 |

**CONSOLIDATED BALANCE SHEET**

| | 29.2.80 R000's | 28.2.79 R000's |
|---|---|---|
| Issued share capital | | |
| Ordinary shares | 21 952 | 21 952 |
| Preference shares | 2 500 | 2 500 |
| Non-distributable reserves | 52 130 | 52 130 |
| | 76 582 | 76 582 |
| Distributable reserves | | |
| General reserve | 139 000 | 127 000 |
| Unappropriated profit | 5 785 | 5 046 |
| | 144 785 | 132 046 |
| | 221 367 | 208 628 |
| Represented by: | | |
| Listed investments — market value R2 230 666 000 (1979: R1 095 077 000) | 207 157 | 206 580 |
| Unlisted investments — directors' valuation R14 571 000 (1979: R7 518 000) | 607 | 340 |
| Loans | 3 832 | 4 351 |
| | 211 596 | 211 271 |
| Current assets | | |
| Debtors | 23 240 | 12 358 |
| Cash on fixed deposit and at call | 69 501 | 24 476 |
| | 92 741 | 36 834 |
| Current liabilities | | |
| Shareholders for dividend No. 64 | 76 832 | 32 928 |
| Short term loan | 5 032 | 5 476 |
| Creditors | 1 106 | 1 073 |
| | 82 970 | 39 477 |
| Net current assets (liabilities) | 9 771 | (2 643) |
| | 221 367 | 208 628 |
| Equity earnings per share—cents | 582.8 | 317.7 |
| Dividends per ordinary share—cents | 525 | 250 |
| Net asset value—cents per share* | 10 177 | 4 917 |

* Includes listed investments at market value and unlisted investments at directors' valuation.

**FINAL DIVIDEND**

Final dividend No. 64 of 350 cents per ordinary share (1979: 150 cents) for the year ended February 29 1980 has been declared payable to shareholders registered in the books of the company at the close of business on March 28 1980 and to persons presenting coupon No. 64 marked "South Africa" detached from share warrants to bearer.

The ordinary share transfer registers and registers of members will be closed from March 29 to April 11 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about May 1 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on April 22 1980 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before March 28 1980.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Holders of share warrants to bearer are notified that the dividend is payable on or after May 2 1980 upon presentation of coupon No. 64 (marked "South Africa") only at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg 2001, South Africa — Union Bank of Switzerland, Bahnhofstrasse 45, Zurich, Switzerland — Credit du Nord, 6 and 8 Boulevard Haussmann, Paris 9e, France and Banque Bruxelles Lambert, 2 Rue De La Regence, 1000 Brussels, Belgium. Coupons must be left at least four clear days for examination.

*Note:* Proceeds of dividends in respect of coupons marked "South Africa," may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa, into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

**GENERAL**

It is anticipated that the forty-third annual report of the company in respect of the year ended February 29 1980 will be despatched to members on or about April 24 1980.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
*Secretaries*
per H. J. E. Stanley
*Company Secretary*

**Head Office:**
44 Main Street
Johannesburg 2001

**London Office:**
40 Holborn Viaduct
EC1P 1AJ

*March 10 1980*

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | Chelsea Antiques Fair (0727 56069) (until March 15) | Chelsea Old Town Hall |
| Current | Ideal Home Exhibition (01-353 4000) (until March 29) | Earls Court |
| Mar. 11—13 | Microforum Europe (01-405 6233) | Wembley Conference Centre |
| Mar. 11—13 | Ready-to-Wear Fashion Fair (01-637 2400) | Bristol |
| Mar. 17—21 | Brewex '80—International Brewing, Bottling and Allied Trades Exhibition (021-705 6707) | NEC, Birmingham |
| Mar. 17—21 | International Packaging Exhibition—PAKEX (021-705 6707) | NEC, Birmingham |
| Mar. 25—28 | London Fashion Exhibition (01-385 1200) | Olympia |
| Mar. 26—28 | Viewdata '80 Exhibition (0895 39262) | Wembley Conference Centre |
| Mar. 29—Apr. 8 | Birmingham Motor Show (0602 51202) | Bingley Hall, Birmingham |
| Mar. 30—Apr. 1 | British International Footwear Fair (01-437 6734) | NEC, Birmingham |
| Mar. 30—Apr. 2 | GLASSEX '80 Glass and Technology Exhibition (01-353 4885) | NEC, Birmingham |
| Apr. 3—9 | National Boys and Girls Exhibition (0532 620361) | Alexandra Palace |
| Apr. 9—10 | Educational Equipment Exhibition (01-247 9326) | Harrogate |
| Apr. 15—19 | Ideal Home Exhibition (0727 312850) | City Hall, Hull |
| Apr. 19—21 | Optrafair '80 (01-405 8101) | Earls Court |
| Apr. 21—25 | International Fire, Security and Safety Exhibition—IFSSEC (01-388 7661) | Olympia |
| Apr. 28 | International Food and Wine Exhibition (06284) 2442 | Exhibition Centre, Leeds |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | IMF 80 International Fair for Mechanical Handling (0727 63213) (until Mar. 12) | Basle |
| Mar. 9—Mar. 16 | International Spring Fair (01-493 3111) | Leipzig |
| Mar. 10—13 | International Footwear Fair (01-589 4891) | Elda |
| Mar. 15—21 | World Photographic Exhibition—WORLD PHOTO (021-705 6707) | Singapore |
| Mar. 16—20 | Middle East Business Equipment Show (01-486 1951) | Bahrain |
| Mar. 21—24 | International Seasonal Leathergoods—SELEPEL | Florence |
| Mar. 22—26 | Confectionery, Chocolate and Biscuits (INTERSUC) (01-439 3964) | Paris |
| Mar. 23—31 | Spring Fair (01-935 8200) | Dubai |
| Mar. 27—Mar. 31 | Machine Tool Exhibition—METAV (01-409 0956) | Dusseldorf |
| Mar. 27—Apr. 5 | British Aviation Equipment Exhbn. (01-215 7877) | Shanghai |
| Apr. 7—10 | World Fabric Fair (0532 469611) | Geneva |
| Apr. 13—15 | MODEXPO '80: International Ladies Fashion Fair | Zurich |
| Apr. 15—19 | Transport—Expo '80 (01-493 3964) | Paris |

## BUSINESS AND MANAGEMENT CONFERENCES

| Date | Title | Venue |
|---|---|---|
| Mar. 10—11 | Government Research Corp.: U.S. Banking in 1985 (0444 51507) | Hyde Park Hotel, W1 |
| Mar. 10—13 | Compower Training School: JCL/Utilities for Operations Staff (Cannock 2511) | Cannock |
| Mar. 12 | Henley School for Forecasting: Forecasts for Consumer Marketing Plans Short, Medium and Long Term (01-353 9961) | Carlton Tower Hotel, W1 |
| Mar. 12 | International Council of Shopping Centres: The Changing Face of Shopping (01-589 3422) | Hilton Hotel, W1 |
| Mar. 13 | PA International—The Successful Acquisition of Companies in the U.S. (01-581 2067) | Hilton Hotel, W1 |
| Mar. 13—14 | CCC: The Use of Offshore Financial Centres—The Netherlands and the Netherland Antilles (01-222 6362) | Lido de France, Jersey |
| Mar. 13—14 | Eurotech: Office Planning and Design (Aldershot 313066) | Sheraton Park Hotel, SW1 |
| Mar. 17—21 | Brunel Institute: The Effective Organisation (0895 56461) | Uxbridge |
| Mar. 19 | LCCI: Industrl. Investment in Tunisia (01-248 4444) | Cannon Street, EC4 |
| Mar. 19—20 | CCC: Foreign Currency Assets and Liabilities (01-222 6362) | Royal Lancaster Hotel, W2 |
| Mar. 19—21 | Gower Conferences: International Insurance Conference (01-242 9485) | Amsterdam |
| Mar. 20 | BACIE: The Impact of Microelectronics on Industry and Commerce (01-636 5351) | Connaught Hall, WC1 |
| Mar. 24—25 | FT Conference: Business Premises and Profitability (01-236 4382) | Hilton Hotel, W1 |
| Mar. 24—25 | Law and Business Inc: New Techniques in Acquisitions of U.S. Companies (01-267 4466) | Portman Hotel, W1 |
| Mar. 25 | Institute of Directors annual convention: Prosperity or Poverty?—the last chance for choice (01-839 1233) | Royal Albert Hall |
| Mar. 26 | Henley School for Forecasting: Costs and Price Forecasts to 1985 (01-353 9961) | London Press Centre |
| Mar. 28 | Oyez—IBC: Electrostatic Hazards in the Storage and Handling of Powders and Liquids—A Review (01-242 2481) | Hilton Hotel, W1 |
| Apr. 1—3 | FT Conference: The Future of Sugar (01-236 4382) | Grosvenor House, W1 |
| Apr. 1 | ESC: Advances in Microprocessor Applications for Food Manufacturing (01-580 5588) | Cavendish Conference Centre, W1 |
| Apr. 1—2 | Flight International: Fuel Economy in the Airlines (01-643 8040) | Royal Aeronautical Society, W1 |

## Financial Times Conferences

**FT—City Course**
**April 24-June 26, 1980**

The course, arranged with the City University, is designed to furnish a comprehensive study of "The City." The sessions, consisting of ten afternoons, commence from April 24.

**World Electronics—Strategies for Success**
**Monte Carlo—May 5-7, 1980**

The opening session will be devoted to the European electronics industry with papers by Dr. Friedrich Bauer, Executive Vice-President, Siemens AG, Mrs. M. Cantoni Bellisario, President, Olivetti Corporation and Dr. Robert Heikes, Vice-President International, National Semiconductor GmbH.

Financial Times conferences to be arranged in June will include a major event on World Banking in Singapore on June 2 and 3, 1980, and a European Offshore Conference to be arranged in London on June 18 and 19, 1980.

All enquiries should be addressed to:
Financial Times Limited
Conference Organisation
Bracken House, 10 Cannon Street
London EC4P 4BY
Tel: 01-236 4382
Telex: 27347 FTCONF G
Cables: FINCONF LONDON

# WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's timetable.

**TODAY**

COMPANY MEETINGS—
Berisford (S. and W.), Tower Hotel, St. Katherines Way, E., 12.00
Bond Street Fabrics, Wimbledon Works, Wimbledon St., Leicester, 12.00
Glanfield Lawrence, 407 High Road, North Finchley, N., 12.00

BOARD MEETINGS—
Finals:
Cornell Dresses
Merchants Trust
Neil and Spencer
Rolls-Royce Motors
Interims:
Jarvis (J.)
Parker Knoll
Stocks (Joseph)

DIVIDEND & INTEREST PAYMENTS—
AMF Inc. 31cts.
Abbey 1.41p
Agricultural Mort. Cpn. 9¼ pc db. 80-85 4⅝pc. Do. 7¼pc db 81-84 3⅝pc. Do. 6½pcdb. 85-90 3¼pc
Asscd. British Foods 1.1p
Boeing 45cts.
Citicorp Overseas Fin. Cpn. Gntd. Fltg. Rate Notes Due 1994 $U.S.36.09
General Motors 115cts.
Glanfield Lawrence Ord. and B Ord. 1.25p
Grace (W. R.) 51cts.
IBM 86cts.
Kraft Inc. 80cts.
Mobil Cpn. 75cts.
Newcastle Upon Tyne 9¼pc Cons. Red. 78.80 4⅝pc
Purolator Inc. 34cts.
Rockwell Intnl. Cpn. 65cts.
Squibb Cpn. 29cts.
Stock Conversn. and Invst. Tst. 2.1875p
Texaco Inc. 60cts.
Travellers Cpn. 62cts.
Treasury 5½pc 2008-12 2¾pc
Utd. Technologies Cpn. 55cts.
Warner-Lambert 33cts.

**TOMORROW**

COMPANY MEETINGS—
Investors Cap. Tst., 9, Charlotte Square, Edinburgh, 12.30
Utd. Scientific, The White House Hotel, Albany St., N.W., 12.00
Willoughbys Consd., Cheapside House, 138 Cheapside, E.C., 12.00

BOARD MEETINGS—
Finals:
Bibby (J.)
De Beers Consolidated Mines
De Beers Industrial
Farmer (S. W.)
Johnson Group Cleaners
Pentos
Res Brothers
Rosedimond Inv. Tst.
Sedwick Forbes Bland Payne
Interim:
Ductile Steels

DIVIDEND & INTEREST PAYMENTS—
Asscd. Dairies, 2p
Tenneco Inc. 60cts.
Winterbottom Tst., 5.2p

**WEDNESDAY, MARCH 12**

COMPANY MEETINGS—
Bakers Household Stores, Queens Hotel, City Square, Leeds, 12.00
Homfray, The Post House, Queens Drive, Ossett, West Yorkshire, 12.00
Kershaw (A.), 38 South St., W., 10.30
Lookers, Lancashire County Cricket Club, Talbot Road, Stretford, Manchester, 12.00
Rank Org., Royal Lancaster Hotel, Lancaster Terrace, Hyde Park, W., 12.00
Smallshaw (R.) (Knitwear), Druid St., Hinckley, Leicester, 12.00
Utd. States and Gen. Tst., Bucklersbury House, 11, Walbrook, E.C., 2.30
Westminster Prop., Abercorn Rooms, Bishopsgate, E.C., 11.30

BOARD MEETINGS—
Finals:
BSR
Britannic Assurance
Lambert Howarth
Montfort (Knitting Mills)
Robinson (Thomas)
Tiger Oats and National Milling
Turner and Newall
Woodward (H.)
Woolworth (F. W.)
Interims:
Maynards
United City Merchants

DIVIDEND & INTEREST PAYMENTS—
Cambridge Water 3.5pc (fmly 5pc) Cons. Ord. 1.75pc. Do. 4.2pc (fmly. 6pc) Red. Pf. 78-80 2.1pc. Do. 4.2pc (fmly. 6pc) Red. Pf. 84-86 2.1pc. Do. 4.55pc (fmly. 6½pc) Red. Pf. 82.84 2.275pc. Do. 9pc Red. Pf. 1980 4.5pc
Crean (James) 4.25p
Monsanto 85cts.
Routledge and Kegan Paul 1.5p

**THURSDAY, MARCH 13**

COMPANY MEETINGS—
Charter Tst. and Agency, 20, Fenchurch St., 2.30
Henlys, Henly House, 385-387, Euston Rd., N.W., 12.00

BOARD MEETINGS—
Finals:
Anglo American Industrial Corpn.
Anglo American Inv. Trust
British Petroleum
Cadbury Schweppes
Clarke (T.)
Harris and Sheldon
Nu-Swift Industries
Refuge Assurance
Sale Tilney
Transport Development
Ultramar
Interims:
Coronation Syndicate
HTV
Harmony Gold Mining

DIVIDEND & INTEREST PAYMENTS—
Hambros 1p
Inco 15cts.
Investors Cap. Tst., 1.35p
Muirhead 1.8p
Utd. States and Gen. Tst. Corpn. 5.61p
Warner Estate 3.4p

**FRIDAY, MARCH 14**

COMPANY MEETINGS—
Bett Bros., Angus Hotel, Dundee, 12.00
Brunner Inv. Tst., 20, Fenchurch St., E.C., 12.45
Lonrho, Grosvenor House Hotel, Park Lane, W., 12.00
Oce-Van Der Grinten, Langston Rd., Loughton, Essex, 2.30
Sidlaw, Meadow Place Buildings, Dundee, 12.00

BOARD MEETINGS—
Finals:
Midland Bank
Noble and Lund
Interims:
Bracken Mines
Kinross Mines
Leslie Gold Mines
St. Helena Gold Mines
Winkelhaak Mines

DIVIDEND & INTEREST PAYMENTS—
Astra Inds. 0.25p
Bakers Household Stores (Leeds) 0.85p
Border and Southern Stockholders Db. 2½pc
Charter Tst. and Agency Ord. Units 2.331p
Conoco Inc. 47½cts.
Cummins Engine, 45cts.
Dana Cpn. 39cts.
Dover Cpn. 21½cts.
Free State Devpt. and Invst. Cpn. 10cts.
Gerard and Natl. Discount 8pcPf. 2.7pc
Gold Fields of South Africa 69.13342p
Hutton (E. F.) 20cts.
Industrial and Commercial Finance Cpn. Ln. 5½pc
Louisiana Land and Explo. 45cts.
Monks Invst. Tst. Db. 1¾pc
New Witwatersrand Gold Explo. 7.44514p
Schlesinger Gilt Fund 0.6675p
Seagram 27.5cts.
Spillers 1.4p
Vogelstruisbult Metal 5.84976p

**SATURDAY, MARCH 15**

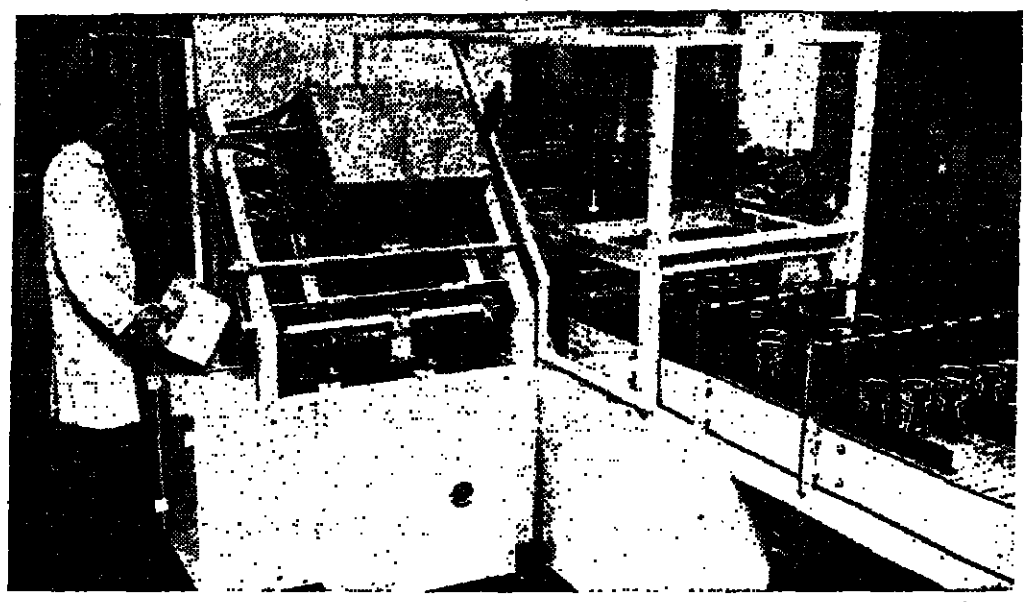
DIVIDEND & INTEREST PAYMENTS—
BICC Db. 3½pc
Continental Inc. 60cts.
Dalgety Db. 3¼pc
Edinburgh Inv. Tst. 3.15pc Pfd. 1.575pc
Gloucestershire 5½pc 77-80 2¾pc
Greater London 7½pc 1981 3¾pc
Imperial Chem. Inds. 5½pc 1982 3¼pc
Kursaal 1.375cts.
London County 5½pc 77-81 2¾pc

FINANCIAL TIMES SURVEY

Monday March 10 1980

# Packaging Industry

**New materials such as plastics and laminates are strongly rivalling traditional ones such as paper and board. The manufacturers are also having to heed the *environmental* lobby's pleas for recycling.**



**This new packing machine is claimed by its makers, Bowater Containers, to be the fastest made in Britain. It can fill up to 30 packs a minute**

## Vital sector under pressure

**By William Hall**

THE PACKAGING industry is one of those forgotten sectors of the British economy that everyone takes for granted. With the exception of the environmental lobby, few people outside the industry spend much time thinking about packaging.

Its output is thrown away after use and the industry as a whole tends to be hidden *behind the household names* of its consumers. It employs about 170,000 people and its turnover is of the order of £3.6bn. In terms of numbers employed it is considerably larger than the shipbuilding *industry, for example.*

Yet it is only when things start to go wrong that the ordi*nary shopper in the High Street* supermarket begins to realise that packaging cannot be taken for granted. Civilised society depends on the continuing regular supply of certain types of packaging. Some items undoubtedly are a luxury but, given the structure of our present distribution system, most packaging is a necessity nowadays.

The present steel strike in Britain underlines the point well. Metal Box, which produces 70 per cent of Britain's cans and is Britain's biggest packaging company, is running desperately short of tinplate. It has laid off nearly a third of its workforce and is supplying only 30 per cent of custo*mers' demand.*

The effect of the strike is now starting to filter through to the High Street supermarkets which are beginning to ration canned food supplies.

Fortunately for the packaging industry, it is rarely disrupted by strikes of the magnitude of the current steel strike. For the most part the industry's problems are centered around the battle for supremacy between traditional and non-*traditional forms of packaging.*

New products will be on show at next week's PAKEX 80 International Packaging Exhibition, in Birmingham.

Until very recently the packaging industry was one of Britain's major growth industries. Over the last decade it achieved a rate of growth that has on average exceeded that of manufacturing industry by about two thirds.

According to Pira — the research association for the paper and board, printing and packaging industries — plastic packaging materials, laminates, aerosols and closures have achieved annual increases well above average while paper wrappings, sacks, bags and wooden containers have on average shown a steady annual decline.

The onset of the oil crisis in *1973-74* disrupted the trend away from traditional materials and many forecasters expected that this would signal the demise of the plastic packaging industry.

### Rival materials

However, it is noteworthy that while plastic prices have *risen over the subsequent* period they have not risen all that much faster than many rival materials. In fact, since the begining of 1974 tinplate prices have risen faster than plastic prices.

*Nevertheless, the course of* oil prices in 1980 will play a big part in determining the health of certain sections of the British packaging industry. The corrugated case makers, to name one group, stand to gain *if plastic film prices rise more* smartly than kraft liner prices (one of their staple raw materials). Other sectors of the industry such as the bag and sack makers will also be monitoring the cost of com*petitors' raw materials closely.*

Another problem affecting the packaging industry closely is the exchange rate. On the one hand, a higher rate for sterling keeps down prices of imported raw materials such as *kraft liner. This benefits some* sections of the packaging industry but it also hurts those parts of the business that produce substitute packaging materials from British waste paper.

The whole question of the impact of the exchange rate on Britain's packaging industry is a complex one which is occupying the minds of many senior executives planning new investments.

Leaving aside the short-term problems of exchange rate and *plastic film prices, the most* important task for the industry at the moment is the need to forecast the size and shape of demand patterns over the next decade. While packaging is becoming a mature industry in *terms of its overall growth* rates, inside the actual sub-compartments of the packaging business there are going to be some major changes over the next few years.

Two recent publications have attempted to pick out some of the major developments which can be expected. Pira has pub*lished a ten-year forecast of* packaging developments in the fast-moving consumer goods industry, and the Economist Intelligence Unit has recently published a special report on Britain's packaging industry.

Both publications* are worth the attention of anyone concerned with the future of packaging in Britain, but of the two Pira goes into the greatest detail.

Pira argues that there will be a shift in consumer expenditure away from food/groceries to durable items over the next ten years. Many grocery items will *experience only marginal* increases in demand although frozen foods, convenience foods and drinks will show substantial volume gains.

The trend towards more convenience foods will lead to *an increased demand for* speciality packaging and the use of products such as oven-useable containers will increase significantly.

The value of convenience foods as a proportion of total *grocery sales is expected to* reach 35 per cent by 1985. Frozen foods are expected to grow particularly fast, increasing by 20 per cent (over 1977 levels) by 1982 and by 35 per cent by 1987.

Inflationary pressures are likely to continue to influence packaging developments. The trend towards lighter weight materials will persist and, to economise on packaging, retailers are expected to favour the increasing use of bulk displays.

Another reason why individual packaging may be expected to get bulkier is that consumers' shopping habits are likely to change. Instead of shoppers going to shop two or three times a week, Pira believes that they will make only one visit a week by 1982.

### Greater reliance

This trend is likely to lead to a demand for larger and more durable items of packaging which can be resealed after use rather than thrown away immediately.

In the stores themselves the trend is towards bigger units such as hypermarkets and this will lead to greater reliance on bulk packaging. Outer packaging will decrease and correspondingly the individual product pack will need to be of higher quality.

The growing dominance of the large supermarket chains means that they will become increasingly involved in every facet of packaging, from specification and design through to merchandising and promotion. This is expected to mean a call for simpler and more uniform packaging and could lead to growing packaging by the retailers themselves.

Pira has a number of thoughts about the future use of various types of packaging material. Consumers apparently *perceive glass to be the most* expensive form of packaging but still prefer it for many products. Glass is expected to remain dominant in the packaging of baby foods and for instant coffee. However, other *powdered drinks may swing* towards cartons.

The rising cost of tinplate *is expected to force canned* goods manufacturers into using other materials. Plastic containers, in particular, are likely to gain favour.

On the process side the trend appears to be towards the increasing use of aseptic preservation, microwave or radio frequency heating and ultrasonic mixing. Consumers are believed to prefer the reliability and safety of a heat-processed pack.

On the packaging machinery side the trend will be towards improved control devices using electronic circuitry. Reliability will be the most important criterion but faster speeds will also be important.

Finally, no discussion of the future of packaging is complete without some mention of the authorities' atitude. It is not *hard to see that* Government influence will continue to play a big part in the packaging industry, both directly and indirectly.

Laws safeguarding the environment are likely to push *up the cost of packaging,* and plastics and celluloids probably will be worst affected. Paradoxically, the paper-based packaging industry could benefit since, unlike plastics, it uses a high proportion of *recycled waste.*

In addition, public concern at the apparent "waste" of so *much packaging plus increasing* control by government means that the packaging industry must resign itself to a markedly lower growth rate than in the past. The Economist Intelligence Unit expects the industry *to grow by about 1 per cent* per annum more than the growth of manufacturing industry generally.

* Packaging Developments in the UK fast-moving consumer goods industry; a 10-year forecast with particular reference to grocery products: Pira, Randalls Road, Leatherhead, Surrey KT22 7RU.

The UK Packaging Industry—its structure and suppliers; an EIU special report; EIU, Spencer House, 27 St James Place, London SW1A 1NT.

**MANUFACTURERS, PRODUCTION/SALES OF PACKAGING MATERIALS**

| Material | Unit | 1974 | 1975 | 1976 | 1977 | 1978 | *1979 |
|---|---|---|---|---|---|---|---|
| Carton board | '000 tonnes | 670 | 502 | 547 | 558 | 562 | 560 |
| Packing/wrapping papers | '000 tonnes | 200 | 162 | 161 | 142 | 143 | 140 |
| Paper/carrier bags | '000 tonnes | 120 | 98 | 101 | 102 | 99 | 99 |
| Rigid boxes | '000 tonnes | 76 | 64 | 66 | 64 | 62 | 66 |
| Fibreboard cases | m sq metres | 2,652 | 2,118 | 2,298 | 2,430 | 2,535 | 2,600 |
| Paper sacks | m units | 1,240 | 890 | 1,093 | 1,045 | 1,047 | 1,050 |

* Estimate. Sources: Statistical and economic review of the packaging industries 1974-78, Pira. 1979 figures based on Packaging Review data and author's estimates.

# Strong demand for glass containers

IT IS now more than a hundred *years since a milkman put the* first glass milk bottle on a doorstep *and, as a packaging* material, glass has been around longer *than almost any other.* It strives now in a constant *battlefield against the encroaching* army of cans, cartons and, now, *the PET bottle*—a clear, rigid, plastic container being adopted *by soft drinks* producers for larger size bottles.

When the sun doesn't shine too kindly during an English summer, it is likely that the UK glass container industry will catch a cold. Below average temperatures from the spring onwards affect the consumption of soft drinks and certain types of food, and the aesthetic appeal of glass is undoubtedly its *strongest selling feature in carbonated* or soft drinks, fruit *juices, beer and cider.*

## Competition

The summer of 1978, for example, was a disappointment, made worse by increased competition from foreign manufacturers.

Mr. Tony McBurnie, managing director of Britain's biggest glass pack maker, United Glass Containers.

He, along with other glass container makers, believes that the PET bottle is an economic proposition only for containers of $1\frac{1}{2}$ litres upwards, particularly as it lightens the burden for weekly shopping visits to the supermarket. In competition against glass for containers with a capacity of a litre or less, PET is said to lose its edge.

And, although many brewers remain heavily committed to canning, the glass industry says it is confident that it will continue to create a greater market share for non-returnable beer bottles.

United Glass Containers is investing heavily in improved production and inspection equipment, as well as funding vitally important areas of warehousing and transport (in common with other manufacturers) in order to accommodate greater stocks; and at the same time to be able to react quickly to any sudden upsurge in demand.

Computer technology, according to UGC, is the present name of the game—evidenced by more perfect design. Improved manufacturing techniques have bestowed better quality and strength, leading in turn to containers which can now be as much as 30 per cent lighter than their counterparts a decade ago.

Outer surfaces of most bottles and jars are nowadays treated with surface coatings to prevent scuffing. Other successful developments introduced by glass companies include wide-mouth bottles and Plastishield bottles—ultra lightweight containers *sleeved in a base-to-*shoulder height skin of *expanded polystyrene.*

Glass still remains a first in aesthetic appeal for the cosmetic and perfumery trades and is expected soon to chase the Continental trend as the container for fruit, vegetables, and even yoghurt.

Cans are taking a larger share of the market from glass bottles, says Metal Box which makes 65 to 70 per cent of the cans used by foods and drinks companies in the UK.

The company also forecasts larger orders from the Middle East, particularly in soft drinks, and says the buoyancy of the market is illustrated by the number of new products being introduced (particularly in beers and lagers) and the fact that new canning lines are being considered by various brewing groups.

## Panic buying

However, if the national steel strike continues, *it is inevitable* that food and drink producers *will have to look to other forms* of packaging as supplies of tin*plate begin to dry up.*

Retailers fear that panic buying or severe wintry weather may reduce stocks of canned goods even further. *Cold* weather hinders distribution of fresh food, which means that shoppers switch to canned *vegetables when fresh crops are* frozen in the ground.

Figures issued by the Ministry of Agriculture, Fisheries and Food indicate that the UK demand for canned food rose sharply in the first quarter of 1979, and for the main vegetable packs and soups were higher in that quarter than the average quarterly demand over the previous six years.

Acording to the Ministry, it was a combination of the bad weather and industrial disputes which contributed to the shift in UK household purchases from fresh to processed vegetables.

Sales of petfood cans continued their upward trend, and by the end of the year 1,550m cans of petfood had been consumed, compared with 1,400m units during the previous 12 months.

Notwithstanding the steel strike, various reports and surveyes have indicated that the UK is in for a difficult time this year and the tinplate can industry is anticipating sales at levels similar to 1979—with further growth in the food, petfood and beverage sectors.

Based on figures for the first nine months of 1979, total UK consumption of aluminium foil appeared just before Christmas to be running at a level of 10 per cent above 1978.

Figures for all packaging users of foil for the first nine *months of 1979 show that 31,000* tons of foil, valued at £81m, *were consumed: figures for the* first nine months of 1978 were 28,000 tons and £62m.

It is estimated that the total consumption figure for foil in 1979 will be in excess of 41,000 tons and £108m. This expansion is the result of all-round growth in usage, with the container sector and the household foil market being particularly buoyant.

**Deborah Pickering**


*The PET plastic container is being adopted by soft drinks makers for larger sizes*

**THE UK PACKAGING INDUSTRY**
(000's of tons)

| | 1964 | 1976 | 1977 | 1978 | 1979 | Production as % of total consumption |
|---|---|---|---|---|---|---|
| Corrugated case materials | 392 | 868 | 905 | 938 | 956 | 58% |
| Packaging papers ......... | 534 | 277 | 249 | 245 | 242 | 41% |
| Packaging boards ......... | 952 | 769 | 774 | 758 | 744 | 80% |
| Industrial and special-purpose paper and boards | 508 | 484 | 449 | 430 | 418 | 36% |
| Total packaging ............ | 2,386 | 2,398 | 2,377 | 2,371 | 2,360 | |
| Total paper and board ... | 4,388 | 4,099 | 4,083 | 4,154 | 4,198 | |

Source: British Paper and Board Industry Federation.

# Sacks and cartons steady

THE PAPER sack market has been fairly static over the past few years and 1979 was no exception. Production continues *to hover around the 1bn sacks* per annum mark and the *market is estimated to be worth* about £150m.

Competition from plastic substitutes and from the development of bulk handling processes is important but the paper sack appears to be holding its own. As a rough rule of thumb the sack market is divided into two-thirds paper and one-third plastic.

The two biggest manufacturers are Dickinson Robinson and Reed with perhaps 40 per cent of the market. According to the Economist Intelligence Unit, *the industry can produce* about 300,000 tons per annum *but it is presently working at* about 75 per cent capacity.

The relative decline in the use of paper sacks for refuse collection seems to have *tailed* off and in certain areas such as *animal feedstuffs and chemicals* the paper sack is still very important. *Indeed, in some areas* it has an inherent advantage. A case *in point would be its use* in the vegetable trade where it *allows the contents to breathe.*

● Cartons. The folding carton *industry uses just under 600,000* tons of cartonboard per annum (worth about £450m) and consumption marked time last year. The market peaked in 1974 when Britain consumed 670,000 tons and cartonboard makers have been under fierce competitive pressure from flexible packaging, primarily plastic-based.

However, the decline in carton tonnage should not be allowed to disguise the fact that concentration on material saving has meant that carton yield per ton of board has increased significantly in recent years.

The future growth of the cartonboard market *is linked to* demand from the food industry *which takes just under half its* output. Within the latter the *trend for greater use of duplex* board continues and a large *amount is now imported from* Scandinavia.

To remedy this situation, Thames Board, part of the Unilever Group, is doubling its duplex carton board capacity and will soon start operating a new 100,000 tonnes per annum board machine at its plant in Cumbria.

● Corrugated cases. Compared with its rival on the Continent, the corrugated case market in Britain has one big advantage: it is less fragmented. This means that it is one of the more profitable parts of the packaging industry.

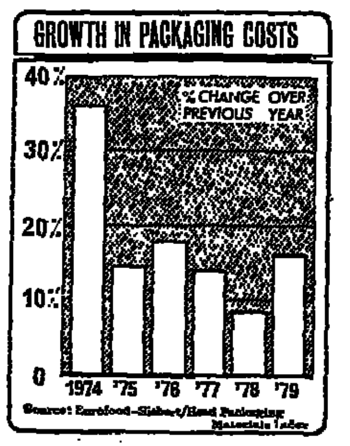
Even so, the industry's main *problem in 1979 has been the* soaring cost of materials. The *price of kraft liner, one of the* main raw materials for *corrugated cases, rose by 20 per* cent in 1979.

As about 560,000 tons of kraft liner—valued at £100m—are imported a year, such price increases have a major impact on domestic packaging costs. However, it does have one side effect in that it makes the domestically produced substitutes for kraft (test liner and so on) more competitive. Bowater, for example, has recently invested £10m in Bowcraft—a direct replacement for kraft liner. Initially, it will produce 55,000 tonnes per annum and will save the balance of payments £10m a year.

Fortunately, for the corrugated case makers, the cost of plastic-based alternatives rose faster last year, and even though kraft liner costs look like increasing by 20 per cent in 1980, plastic film prices should continue to outpace them.

As a result demand for corrugated cases has continued to grow. In 1979 sales rose by 2.8 per cent to 2,458m *sq metres* or 1.4m tons. This year the *industry expects to stand still.*

**GROWTH IN PACKAGING COSTS**




Despite this rather gloomy *forecast it is still investing* heavily in new technology. *About £10m will be spent on* die-cutting and printing plant *in 1980, according to Packaging* Review.

● Rigid boxes. According to Packaging Review, the volume *of solid boxes sold in Britain in* 1979 rose by about 5 per cent to *66,000 tonnes. Generally, however,* the history of the rigid box *during the last few decades has* been one of gradual decline. *Alternative products such as the* flexible carton, are lighter in weight, have smaller bulk and are easier to handle and store.

Against these undoubted advantages, the rigid box (two-thirds go into the chocolate and confectionery trade) has advantages of a quality image, nice appearance and durability in use and the protection it provides. Consequently, the rigid box does best where the product to be packed is of high value and packaging costs are not paramount.

● Paper bags. The paper bag and carrier bag business has been in retreat for most of the decade as plastic-based materials have made increasing inroads into traditional "bag" territory. U.K. consumption of paper/carrier bags is running at about 100,000 tonnes per annum and is valued at £80m-plus.

**PRICE INCREASES-1979**

| | % |
|---|---|
| Paper bags | 29.3 |
| Plastic | 22.0 |
| Corrugated cases | 18.6 |
| Cartons | 16.0 |
| Paper sacks | 15.3 |
| Wood | 14.7 |
| Tinplate | 9.6 |
| Aluminium | 9.0 |

Source: Eurofood-Siebert/Head Packaging Materials Index.

By 1975 plastic carrier bags had conquered three-quarters of the food retailing market and an even greater part of the non-food market. As a result most *paper bag producers in Britain* have decided that if you cannot *beat them you might as well* join them, and they have been *entering the plastic bag field.*

On present form U.K. produc*tion of bags seems destined to* continue declining unless there *is a sharp change in the paper/* plastic bag price relationship *and judging by the 29 per cent* increase in paper bag prices last *year this seems unlikely.*

● WRAPPING PAPER. Production of both food wrappings and kraft wrappings fell slightly in 1979. Together they accounted for 178,000 tonnes and kraft wrappings accounted for 75 per cent of the total. Total UK consumption of food and kraft wrappings is valued at around £200m.

The industry faces fierce competition both from imports (roughly half the market) and plastic substitutes, and the strength of sterling has strengthened the import competition. The outlook *for* the current year depends very much on the relative *movements* of paper and plastic prices—as is the case with *so many* other packaging materials.

With the bulk of *wrapping* paper going into the food industry, *much will depend on* the level of consumer spending in 1980. *Industry sources are* hoping that paper will start *regaining some of its lost* ground in the bread market.

**William Hall**

# Plastics sector growing despite higher costs

THE PLASTICS packaging industry is under heavy pressure from all sides yet it is still managing to make inroads into those sectors of the market that have always been held by producers of more traditional materials such as paper and board.

A report published at the start of this month by the Shell International Chemical group of companies forecasts that plastics packaging will continue to grow at the expense of more conventional materials during the coming decade.

Shell reckons the plastic packaging sector will grow at an annual rate of about 2 per cent between now and 1985. But it says this percentage increase will be over and above the annual growth in industrial production, which it believes will average out at around 2.5 per cent a year.

The Shell prediction has a certain surprise element—given the dramatic increases in raw material costs that have hit the plastics packaging industry during the past 18 months. In particular, the cost of naphtha, the oil-based feedstock from which plastics are made, has soared to unprecedented heights, reaching $400 a tonne on the Rotterdam spot market at the beginning of this year.

The spot market price of naphtha has effectively doubled in the course of a year—in January 1979 it was only $200 a tonne—and the contract price has tagged along only a little way behind it. The big chemical companies that turn naphtha into plastics materials—low-density polyethylene, high-density polyethylene, polypropylene and polyvinyl chloride—have been doing their utmost to pass on these increases to the makers of bags and film who are their customers.

Chemical majors such as Shell Chemicals UK and Imperial Chemical Industries suffered from over-capacity and weak prices for years at the plastics materials end of their businesses. They have therefore been zealous in putting up plastic material prices when increased naphtha costs gave them the opportunity for doing so.

## Severe impact

But the impact of higher plastic material prices on packaging producers has been severe—especially when allied to the general increase in fuel and power costs that has affected all sectors of industry. In the UK the rise in raw material prices has also coincided with a fall in demand for plastic packaging and intensified competition from imports — particularly those coming from Continental Europe.

The industry is attributing the fall in demand to the general economic downturn that is now starting to make itself felt in Britain. The UK Packaging and Industrial Film Association believes the drop in demand and the increase in raw material prices will amount to a "formula for disaster" for some of the weaker plastic packaging companies.

There are already signs that certain British plastic packaging groups are having to cut back their production and their manning levels and it seems likely that some of the more unlucky ones will be forced out of business altogether within the next year or so.

One reason for this bleak outlook in the UK is that British producers have tended to manufacture an extremely wide range of goods. But on the Continent many plastics packaging concerns have specialised to a far greater degree. This has meant that they sometimes have more modern technology than some of their UK counterparts and their operations are also more streamlined and efficient.

In addition, they have tended to define their markets more carefully and they have therefore been in a better position—on average—to withstand the onslaught of raw material price rises.

And the onslaught has been fierce. Producers of low-density polyethylene—LDPE—film estimate that raw material costs account for about 60 per cent of their total costs. In the UK in 1978 LDPE granules could be bought for as little as £260 a tonne. Today the cost is around £600 a tonne.

Yet, despite these adverse factors, Shell is still confident that it will increase its sales of plastics raw materials during the next five years and, in particular, will increase sales to the Western European packaging industry.

Shell's optimism is based on a detailed study of manufacturers who use plastic packaging — or who might be persuaded to switch to plastic packaging instead of more conventional materials. Shell says that paper, board and glass account for about 75 per cent of all packaging materials used in Western Europe while plastics account for only about 10 per cent.

But the company's study found that between 1973 and 1977, packaging material consumption as a whole grew by only 0.5 per cent a year while plastics and glass consumption increased by 2.5 per cent per annum—largely at the expense of paper and board.

The Shell report shows that in 1978 the price of LDPE and polypropylene was actually lower than the prices of glass containers, paper and board, tinplate and aluminium plate. And the chemical company claims that "unsatisfactory profitability and unrealistically low prices" applied to the paper and board and steel markets in the late 1970s.

## Favourable trends

Shell lists a number of trends which it believes will favour the further growth of plastic packaging—sometimes at the expense of traditional materials. These include:

- The increased demand for pre-packaged frozen foods;
- Continuing penetration of the board market by shrink wrap which can lead to lower packaging costs as well as reduced transit losses;
- Greater use of plastic packaging as a means of cutting handling costs;
- Increasing use of plastic film to replace the tin can.

The company points out that the heavy investment that is often required by manufacturers when they decide to switch from paper or board packaging to one of the plastics discourages them from reverting to traditional material if plastics prices rise. It adds that in certain markets, only one or two manufacturers need to change their packaging policy for plastics to replace traditional materials almost overnight. One example is the decision of Pepsi-Cola and Coca-Cola to stop using glass bottles.

Shell admits that there are some factors which augur against an increase in plastics packaging — notably the possibility of a ban on disposable bottles and a tendency for shops to offer a more personal service which could hit the plastics used for pre-packaging and display in self-service stores.

The plastics packaging sector in the UK faces problems but it could emerge considerably strengthened and better able to resist imports. It could also find itself in an even stronger position to challenge markets that are still largely the province of the traditional material producers.

**Sue Cameron**

### UK MARKET FOR PACKAGING MATERIALS

| In £m | 1977 | 1978 | 1979 |
|---|---|---|---|
| Tinplate | 546 | 585 | 650 |
| Fibreboard | 423 | 492 | 585 |
| Plastics* | 448 | 450 | 746 |
| Glass | 283 | 316 | 354 |
| Paper | 182 | 198 | 226 |
| Board | 230 | 236 | 275 |
| Paper sacks | 105 | 105 | 116 |
| Aluminium foil | 99 | 104 | 108 |
| Steel drums | 82 | 95 | 105 |
| Aerosols** | 65 | 73 | 76 |
| Cellulose** | 49 | 49 | 57 |
| Wooden containers | 95 | 117 | 130 |
| Collapsible tubes | 17 | 19 | 22 |
| Fibreboard drums | 11 | 12 | 13.5 |
| Miscellaneous | 90 | 97 | 110 |
| TOTAL | 2,724 | 2,948 | 3,573.5 |

* Film and container value. ** Unconverted value

*Source: Packaging Review*

# Need to tackle the environment problem

BRITAIN SPENDS about £7.4m per day on packaging materials, the vast majority of which finish in the dustbin, never to be used again.

Although the packaging industry, nationally and internationally, has become increasingly aware of the potential threat to the environment posed by so much discarded waste, convincing attempts to rationalise the use of packaging and minimise the consequences have been disappointingly few.

The industry is taking the environmental problem more seriously than it used to, but its history of rapid growth and high profits nevertheless has been a wasteful story.

Not only has the dramatic growth of the packaging industry in the UK into a £3.7bn a year business been paralleled during the 1970s by a 3 per cent annual increase in the volume of refuse, the physical make-up of that refuse has also changed. There is less and less ash dust from coal fires and more and more paper, metals, glass and plastics.

Packaging now makes up 60 per cent by volume of domestic refuse and the figure is rising. This poses ever greater problems of disposal for local authorities, many of which expect existing tipping sites to be full within five years. Avon County Council, for example, already has been taking 1,300 tonnes of refuse a day 112 miles to tip.

The basic environmental problem has two parts: the use of resources before manufacture and waste disposal after packaging has been used. Non bio-degradable litter has increasingly become the scourge of the countryside and a plastic bag which may be ideal for wrapping goods becomes a potential death trap for small children after it has served its intended purpose.

Statistics show that 82 per cent of all refuse goes to landfill, only 10 per cent is incinerated—usually to reduce bulk rather than to recover energy—and less than 2 per cent is treated to recover materials. Yet domestic refuse, which includes a high proportion of packaging, has a thermal value equivalent to about 30 to 40 per cent that of coal, a figure which can be raised by separation of combustible components.

The U.S. and Canada have led the way in recovering materials and energy from waste and some fuel-recovery plants are now operating in the UK—at Byker, Newcastle, at Doncaster, and at Eastbourne, Sussex, all run by local authorities, and a commercial operation near Chichester.

They all make fuel pellets and the local authority projects are partly sponsored by the Environment Department. Eastbourne's system came into operation last July and produces 10 tons a day of pellets which are sold to the Central Electricity Generating Board for use in the Portslade power station at Brighton. It is hoped to increase production eventually to 30 tons a day.

## Obvious customer

Cost effectiveness in general application is still in doubt because the plants cost between £500,000 and £1m plus running costs and consume a lot of energy in drying pellets because the process is one of wet separation. However, a number of local authorities are considering similar schemes with industry, rather than domestic users, the obvious customer.

The industry committee, aware that the U.S. and Canada had already legislated on the effects of packaging on the environment and that the EEC intended to, set up the Packaging Council, which produced a self-disciplining code for the industry.

The council, formed under the chairmanship of Lord Shepherd in 1978, is an independent body composed of industry, trade union, environment and consumer representatives. It is intended to monitor its code of practice in the same way as the Advertising Standards Authority operates, relying on complaints received as a guide to what action to take.

This aproach has proved relatively ineffective so far, mainly because of a lack of public awareness about the council. In its first year the council had only about 30 complaints and very few of them concerned environmental problems, making it all but impossible for the council to approach manufacturers and ask them, for example, to switch to bio-degradable packaging.

The two sections of the code with environmental implications state:

- The package must be constructed of materials which have no adverse effects on the contents.
- The package should be designed with due regard to its possible effect on the environment, its ultimate disposal, and to possible recycling and re-use where appropriate.

Mr. Tom Burke, a director of Friends of the Earth, which has been in the forefront of those urging a resource-conscious approach to packaging, says four key questions should be considered by the Packaging Council when looking at any item:

- Is it being sold in a throw-away pack when it could be sold in a returnable container?
- Is the package made in such a way as to make the separation and recycling of its constituent materials difficult?
- Can the same item be packaged in a different material with less impact on the environment?
- Could the packaged item be sold loose or in greater bulk instead?

The paper industry has improved its record on waste of resources in recent years. Of the 6m tonnes of paper thrown away annually, 28 per cent is now recycled although about 70 per cent could be effectively recycled and not a great deal of that recycled comes from packaging.

Perhaps the best reaction so far by industrialists to environmental pressures is the recycling of glass by setting up bottle collection banks. However, environmentalists regard this system as short-sighted because the biggest benefits come from re-using glass containers rather than melting down and remoulding broken glass.

Britain produces 6.7bn glass containers a year and the proportion of returnable bottles is about 25 per cent, although that is lower than in most European countries. More could be done by increasing the number of returnable bottles, by providing more collection points, by charging deposits (which is mandatory in some U.S. states), and by moving away from the use of "no deposit-no return" advertising.

Metal is used in packaging primarily as food and drink cans, 9bn of which are thrown away every year in Britain. Recovery is difficult and, anyway, tin-rich steel is good only for castings for which there is limited demand.

Material Recovery in Staffordshire, jointly owned by Metal Box, British Steel and Batchelor-Robinson, is engaged in trying to recover materials by the magnetic separation of ferrous-based cans.

The all-aluminium ring-pull can, which is more expensive, has been developed in answer to the criticism that multi-metal cans are so difficult to recycle.

Plastics constitute 5 per cent of domestic refuse and their use in packaging is growing at the rate of 7 per cent a year. Plastics are derived from oil, a finite resource, and are difficult to recycle. And, when used as laminates, they make recycling of other materials difficult.

So the problems of coping with the rubbish produced by packaging are likely to increase until successful and economical methods are found of reclaiming much more of it for other purposes.

**Robin Pauley**

# INTL. COMPANIES & FINANCE

## Societe Generale de Belgique setback

BRUSSELS—Societe Generale de Belgique, Belgium's largest holding company, reports a net profit of BFr 681.7m ($23.4m) for 1979, down sharply from the BFr 1.05bn of the previous year.

The company attributed the decrease largely to special payments to its troubled engineering associate, Sybetra, in which it has a 44 per cent interest. Sybetra, building a fertiliser plant and phosphate mine in Iraq, nearly collapsed last year before Societe Generale came to the rescue.

Last month, Societe Generale proposed an unchanged dividend of BFr 140. In its annual report, the company says that the latest oil price increases plus "abnormally high interest rates" might prematurely halt Western Europe's economic expansion.

AP-DJ

## San Miguel lifts dividend

By Philip Bowring in Hong Kong

SAN MIGUEL BREWERY, the quoted Hong Kong subsidiary of San Miguel Corporation, the Philippines beer and food group, reports a 10 per cent profit gain, to HK$40.7m (U.S.$8.4m) for 1979. Turnover was up 21 per cent to HK$213m (U.S.$43.5m).

A final dividend of 10 cents a share has been declared, together with a cash bonus of 12.5 cents a share, making a total distribution of 52.5 cents, compared with 50 cents.

## Japanese profits

Japanese companies' operating profits are expected to rise by 30.2 per cent in the half-year ending September, from their level in the half year ending this month, according to a survey by Nihon Keizai Shimbun. The basis of the comparison was incorrectly given in some editions of the Financial Times last Friday.

## Earnings growth at PKbanken

BY VICTOR KAYFETZ IN STOCKHOLM

STATE-OWNED PKbanken, Sweden's largest commercial bank, reports a 19 per cent rise in pre-tax profit from SKr 639m in 1978 to SKr 758m ($180m) for banking operations last year. The dividend is an unchanged SKr 10 per share.

Income rose by 15.5 per cent to SKr 1.91 bn, including an 18 per cent increase in commission income. The bank managed to hold cost increases to 13.6 per cent.

As with other Swedish commercial banks, earnings slowed in the autumn because of a higher official discount rate and stricter cash and liquidity requirements. In the first four months of 1979 pre-tax earnings of PKbanken were SKr 249m, increasing to SKr 281m in May-August but dropping to SKr 228m in the final four months.

Year-end balance rose by 13 per cent to SKr 66.7bn ($15.9m), compared with SKr 63.5bn for Skandinaviska Enskilda Banken and SKr 56.3bn for Svenska Handelsbanken, the two private institutions completing Sweden's big three.

PKbanken's year-end lending was up 11 per cent to SKr 36.3bn and deposits by the same percentage to SKr 55.2bn. Both lending and deposits declined slightly as a percentage of all Swedish banks.

PKbanken writes that 1980 earnings "will necessarily be down on 1979 owing to the high discount rate and lending restrictions.

The bank's net profit, following appropriations and taxes, rose from SKr 85m in 1978 to SKr 87m last year. The PKbanken group, including non-banking and foreign subsidiaries, improved pre-tax earnings by 20 per cent to SKr 808m and year-end balance by 13 per cent to SKr 70.6bn.

● Svenska Cellulosa, the Swedish group, which is to acquire the household and toilet paper activities of the French company, Paperies Aubry, is to invest FFr 50m over the next three years in developing Aubry's production of absorbent paper.

## Swedish chemical group recovers

By William Dullforce in Stockholm

KEMANOBEL, the Swedish chemicals group, reversed a four-year earnings slide last year and forecasts a further profit improvement in 1980. Preliminary figures show 1979 pre-tax earnings ahead by 62 per cent at SKr 182.8m ($43.5m) with sales climbing 22 per cent to SKr 3.3bn.

Earnings per share are expected to emerge at about SKr 16 compared with SKr 9 in 1978. The board proposes to raise the capital by SKr 74.1m through a one-for-four bonus issue and to pay a dividend of SKr 5 a share, the same as in 1978, on the expanded equity.

Most of Kemanobel's principal operations turned in better performances last year both in Sweden and abroad. The operating profit after depreciation came out at SKr 207.8m, up by 65 per cent. Net financial costs were boosted by SKr 3.8m to SKr 25m by increased group borrowing and the high international interest rate level.

A particularly strong improvement in operating income was achieved by the KemaNord group, which produces the bulk chemicals, PVC and Silicon.

## Danish engineer raises net profits by 16%

BY HILARY BARNES IN COPENHAGEN

DANFOSS, the Danish engineer which manufactures compressors, hydraulic systems and automatic temperature control equipment, increased earnings after tax by 16 per cent from DKr 203m to DKr 235m ($42m) for the year ended September. Sales rose by 14 per cent to DKr 2.57bn.

The dividend, which goes to the foundation owning the group, will go up from 6 per cent to 8 per cent. The company attributed the improvement in sales and earnings to strong increase in demand for energy saving products in the second half of the year.

The annual report said that there were prospects of a further reasonable increase in sales in the current year. In the light of last year's results and the prospects for this year, there would be "further large new investments."

Last year the company completed at its Danish headquarters in Nordborg, buildings with a total area of 12,000 square metres and it currently has under construction a further 5,000 square metres.

## First half dip for APPM

By James Forth in Sydney

HIGHER COSTS and industrial unrest resulted in Associated Pulp and Paper Mills, the manufacturer of fine papers, suffering a 24 per cent drop in profit, from A$7.8m to A$5.9m (U.S.$6.5m) in the December half-year.

The fall occurred despite a 25 per cent rise in sales from A$112m to A$140m. The directors have declared an interim dividend of 7 cents a share, which will be paid on increased capital. Last year APPM paid an interim 8 cents.

# CURRENCIES, MONEY and GOLD

## Guilder top of EMS

BY COLIN MILLHAM

The last time the Dutch guilder was very firm, around the beginning of the year, there was a heavy demand for credit in the Amsterdam money market. Money was then in very short supply, largely because of seasonal factors. Tax payments into the National Treasury led to intervention from the authorities by way of special advances to the banking system, and although the guilder is very strong once again the reasons are not so purely technical at the moment.

Short-term interest rates have tended to ease in Amsterdam in recent days, and thanks to the strength of its currency the central bank has made no move to tighten liquidity.

On Friday the Nederlandsche Bank even acted to add funds to the market through a special discount facility of Fl 1.045bn. This will last until tomorrow week at the relatively attractive rate of 11 per cent. The current daily market shortage should be covered by the central bank's existing quota but the new facility will help to calm any upward trend following the general move in other European centres and the U.S., and last week's tender for Dutch Government bonds at a record interest rate of 11½ per cent.

Obviously the latest rise by the guilder to the top of the European Monetary System does not reflect a shortage of domestic liquidity, but is much more an indication of the Netherland's better position against its EMS partners, as far as energy supplies are concerned.

Although Holland has considerable economic problems the present inflation rate of 5.9 per cent is comparable with West Germany, and well below the average for other industrial countries.

On this basis, and with regard to energy supplies boosted by natural gas the Netherlands looks well placed against the rest of Europe, and the Dutch central bank may be tempted to replenish its currency reserves by buying D-marks at the present favourable rate. Last week the German Bundesbank gave heavy support to the D-mark as it fell to the lowest level since last November against the dollar.

EMS currencies have suffered from the movement back into the dollar as U.S. interest rates touched further records. The central banks in Germany, France and Italy have seen their currencies come under increasing pressure, and in these conditions the guilder has tended to benefit.

### GOLD

| | Mar. 7 | | Mar. 6 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $611-616 | (£274¼-276½) | $625-630 | (£280¼-282½) |
| Opening | $615-620 | (£276½-278¾) | $633-638 | (£283½-285¾) |
| Morning fixing | $602.25 | (£270.735) | $634.25 | (£283.946) |
| Afternoon fixing | $609 | (£273.585) | $626 | (£281.728) |
| **Gold Coins** | | | | |
| Krugerrand | $615-620 | (£276-279) | $625-630 | (£280-283) |
| Mapleleaf | $610-620 | (£274-279) | $620-630 | (£278-283) |
| New Sovereigns | $156½-157½ | (£70¼-71¼) | $159-161 | (£71¼-72¼) |
| King Sovs | $177½-179½ | (£79½-81½) | $179-182 | (£80-82) |
| Victoria Sovs | $178½-180½ | (£80-82) | $180-183 | (£80½-82½) |
| French 20s | $145½-148½ | | $147-150 | |
| 50 pesos Mexico | $760-770 | | $767-777 | |
| 100 Cor. Austria | $590-600 | | $605-615 | |
| $20 Eagles | $745-750 | | $752-757 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

### OTHER CURRENCIES

| Mar. 7 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 3790-38 10 | 1700-1710 | Austria | 28.55-28.80 |
| Australia Dollar | 2.0315-2.0335 | 0.9120-0.9125 | Belgium | 66.35-68.85 |
| Brazil Cruzeiro | 103.05-104.05 | 46.60-46.80 | Denmark | 12.44-12.51 |
| Finland Markka | 8.43-8.45 | 3.7980-3.8000 | France | 9.29-9.35 |
| Greek Drachma | 87.609-89.689 | 39.30-39.45 | Germany | 3.98½-4.01 |
| Hong Kong Dollar | 10.99-11.02 | 4.9440-4.9490 | Italy | 1855-1900 |
| Iran Rial | n/a | n/a | Japan | 553-558 |
| Kuwait Dinar(KD) | 0.608-0.618 | 0.2752-0.2753 | Netherlands | 4.38-4.40½ |
| Luxembourg Frc. | 64.95-65.05 | 29.16-29.18 | Norway | 11.07½-11.14½ |
| Malaysia Dollar | 4.8740-4.8870 | 2.1920-2.1940 | Portugal | 105-110½ |
| New Zealand Dlr. | 2.3115-2.3135 | 1.0376-1.0385 | Spain | 146-153 |
| Saudi Arab. Riyal | 7.44-7.54 | 3.3630-3.3680 | Sweden | 9.48-9.53 |
| Singapore Dollar | 4.8410-4.8540 | 2.1780-2.1800 | Switzerland | 3.81½-3.83½ |
| Sth. African Rand | 1.8005-1.8015 | 0.8080-0.8085 | United States | 2.215-2.223 |
| U A.E. Dirham | 8.28-8.38 | 3.7400-3.7450 | Yugoslavia | 50-51½ |

Rate given for Argentina is free rate.

### THE DOLLAR SPOT AND FORWARD

| March 7 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.2150-2.2300 | 2.2280-2.2290 | 0.05-0.15c dis | −0.54 | 0.05-0.15dis | −0.18 |
| Ireland† | 2.0510-2.0560 | 2.0540-2.0550 | 0.10-0.20c dis | −0.88 | 0.20-0.30dis | −0.49 |
| Canada | 1.1569-1.1591 | 1.1588-1.1591 | 0.40-0.35c pm | 3.88 | 1.20-1.10 pm | 3.97 |
| Nethlnd. | 1.9705-1.9755 | 1.9715-1.9725 | 1.35-1.25c pm | 7.91 | 3.25-3.15 pm | 6.49 |
| Belgium | 29.16-29.22 | 29.16-29.18 | 9½-8c pm | 3.59 | 25-22 pm | 3.22 |
| Denmark | 5.6125-5.6230 | 5.6215-5.6230 | 0.40-0.90ore dis | −1.39 | 3.00-3.50dis | −2.31 |
| W. Ger. | 1.7935-1.8025 | 1.7955-1.7965 | 1.68-1.58pf pm | 10.89 | 4.18-4.08 pm | 9.20 |
| Portugal | 48.85-49.00 | 48.90-49.00 | 3c pm-7 dis | −0.49 | 5-35 dis | −1.63 |
| Spain | 67.60-67.75 | 67.60-67.65 | 40-55c dis | −8.43 | 100-125 dis | −6.65 |
| Italy | 834.00-835.40 | 835.10-835.40 | 0.2-0.6lire dis | −0.57 | 4¼-5 dis | −2.21 |
| Norway | 4.9855-4.9985 | 4.9855-4.9875 | 2.50-2.00ore pm | 5.41 | 5.80-5.30 pm | 4.45 |
| France | 4.2010-4.2135 | 4.2010-4.2030 | 2.30-2.10c pm | 6.27 | 4.60-4.40 pm | 4.28 |
| Sweden | 4.2700-4.2840 | 4.2760-4.2775 | 2.05-1.85ore pm | 5.47 | 5.35-5.15 pm | 4.91 |
| Japan | 247.70-248.75 | 247.75-247.85 | 1.10-0.80y pm | 4.60 | 2.45-2.15 pm | 3.71 |
| Austria | 12.858-12.875 | 12.870-12.875 | 10.7-10.1gro pm | 9.69 | 30.75-28.75pm | 9.24 |
| Switz. | 1.7120-1.7230 | 1.7155-1.7165 | 3.60-3.45c pm | 24.65 | 7.60-7.20 pm | 17.25 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### THE POUND SPOT AND FORWARD

| March 7 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.2150-2.2300 | 2.2280-2.2290 | 0.05-0.15c dis | −0.54 | 0.05-0.15dis | −0.18 |
| Canada | 2.5705-2.5800 | 2.5780-2.5790 | 1.00-0.80c pm | 4.19 | 2.45-2.25 pm | 3.64 |
| Nethlnd. | 4.37-4.40½ | 4.39-4.40 | 3-2c pm | 6.82 | 7½-6½ pm | 6.37 |
| Belgium | 64.70-65.10 | 64.95-65.05 | 18-8c pm | 2.40 | 55-45 pm | 3.08 |
| Denmark | 12.43-12.53 | 12.51½-12.52½ | 2½-4½ore dis | −3.35 | 8½-9½ dis | −2.91 |
| Ireland | 1.0790-1.0840 | 1.0815-1.0825 | 0.02-0.06p dis | −0.44 | 0.08-0.13dis | −0.29 |
| W. Ger. | 3.99-4.01½ | 4.00-4.01 | 3½-2½pf pm | 10.11 | 9½-8½ pm | 8.99 |
| Portugal | 108.10-109.20 | 108.90-109.10 | 5-35c dis | −2.20 | 10-80 dis | −1.65 |
| Spain | 150.25-150.90 | 150.70-150.80 | 75-125c dis | −7.96 | 25-305 dis | −4.38 |
| Italy | 1,851-1,860 | 1,858½-1,859½ | 1¼-3¼lire dis | −1.45 | 10¼-12¼dis | −2.42 |
| Norway | 11.06-11.16 | 11.11½-11.12½ | 6½-5ore pm | 6.00 | 12½-11½ pm | 4.25 |
| France | 9.32-9.38 | 9.35½-9.36½ | 4½-3½c pm | 5.45 | 10½-9½ pm | 4.27 |
| Sweden | 9.47-9.54 | 9.52½-9.53½ | 4½-3½ore pm | 5.04 | 13¼-12¼ pm | 5.35 |
| Japan | 547-557 | 552-553 | 1.90-1.35y pm | 3.53 | 6.25-5.45 pm | 4.23 |
| Austria | 28.52-28.72 | 28.67-28.72 | 22-18gro pm | 8.57 | 63-57 pm | 8.36 |
| Switz. | 3.80½-3.83½ | 3.82-3.83 | 4½-3½c pm | 13.72 | 12½-11½ pm | 12.16 |

Belgian rate is for convertible francs. Financial franc 66.90-67.00. Six-month forward dollar par-0.1c dis. 12-month 0.40-0.30c pm.

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.05-18.15 per cent; three-months 18.55-18.65 per cent; six months 18.55-18.65 per cent; one year 17.65-17.75 per cent.

| Mar. 7 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 16½-15¾ | 16⅞-17 | 8½-9½ | 10¼-10½ | 4⅜-4⅝ | 7¾-7⅞ | 12⅞-13⅛ | 13-15 | — | 10-16½ |
| 7 days' notice | 17⅝-17⅞ | 16½-17 | 8½-9⅛ | 10⅝-10⅞ | 4½-4¾ | 8 1/16-8 3/16 | 13-13¼ | 16-18 | 17-17¼ | 12½ 13 |
| Month | 18-18¼ | 19-19¼ | 13⅜-13⅝ | 11-11¼ | 5 5/16-5 7/16 | 8 11/16-8 13/16 | 13¼-13½ | 19-20 | 18⅞-19 | 14⅛-14⅜ |
| Three months | 18½-18¾ | 18⅝-18⅞ | 14¼-14⅝ | 12⅛-12⅜ | 6 5/16-6 7/16 | 9 7/16-9 9/16 | 14¼-14½ | 20⅛-21⅛ | 18½ 18⅝ | 14⅞-15⅛ |
| Six months | 18⅛-18¾ | 18⅝-18⅞ | 14⅜-14¾ | 12⅜-12⅝ | 6 5/16-6 7/16 | 9 7/16-9 9/16 | 15 1/16-16 3/16 | 21-22 | 18⅛-18⅝ | 14½-14¾ |
| One year | 18-18¼ | 17⅝-17⅞ | 14½-14⅞ | 12⅝-12⅞ | 6⅜-6½ | 9 7/16-9 9/16 | 15 1/16-15 3/16 | 22-23 | 17⅝-17¾ | 13⅜-13½ |

Long-term Eurodollar two years 16⅛-16⅝ per cent; three years 15¾-16 per cent; four years 15⅝-15⅞ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

### LONDON MONEY RATES

| Mar. 7 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 16-18 | — | — | — | 16½-16¾ | 15½-16¾ | — | — | — |
| 2 days notice | — | — | 17⅛-17¾ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17-17⅛ | 17¾-18 | — | 18¼ | 17½ | 16⅛-17 | — | — | — |
| One month | 18 1/16-17⅞ | 17 13/16-17 15/16 | 18 | 19½-19¼ | 18¼ | 18¼ | 16¾ | 15⅝ | 18 | 18⅜ |
| Two months | 18 1/16-17⅞ | 17⅞-18 | — | 19-18½ | 18¼ | — | 16⅝-16¾ | 16 1/32 | 17 15/16 | 18⅛ |
| Three months | 18 -17⅞ | 18 -18⅛ | 18⅛-18¼ | 18¾-18¼ | 18⅜ | 18½ | 16½-16⅝ | 16⅛-16 3/32 | 17½ | 17⅜ |
| Six months | 17 7/16-17 5/16 | 17⅝-17½ | 17½-17⅞ | 17⅝-17⅛ | 17⅞ | 17⅞-18 | — | — | 16⅝ | 16¾ |
| Nine months | 16 15/16-16¾ | 16 15/16-17 1/16 | — | 17¼-16⅞ | 17½ | — | — | — | — | — |
| One Year | 16 7/16-16 5/16 | 16 11/16-16 9/16 | 17⅜-17½ | 16⅞-16⅝ | 17⅝ | — | — | — | — | — |
| Two years | — | — | 16¾-17 | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16⅝-16⅞ per cent; four years 16-16⅛ per cent; five years 16 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17 5/32-17¼ per cent; four-month trade bills 17 9/16 per cent.

Approximate selling rates for one-month Treasury bills 15 13/32-15 27/32 per cent; two-months 15 13/32-16 per cent; three-months 16 5/32 per cent. Approximate selling rates for one-month bank bills 17¾ per cent; two-months 17⅝-17 21/32 per cent; three-months 17⅜ per cent; one-month trade bills 18⅛ per cent; two-months 17⅞ per cent and three-months 17½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1211 per cent.

### CURRENCY RATES

| Mar. 7 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 17 | 0.586978 | 0.626761 |
| U.S. $ | 13 | 1.29875 | 1.38972 |
| Canadian $ | 14 | 1.49646 | 1.60790 |
| Austria Sch. | 5¼ | 16.6297 | 17.8956 |
| Belgian F. | 12 | 37.7543 | 40.5762 |
| Danish K. | 13 | 7.26868 | 7.80395 |
| D'Mark | 7 | 2.32343 | 2.50010 |
| Guilder | 9½ | 2.55185 | 2.74260 |
| French Fr. | 9½ | 5.44175 | 5.85209 |
| Lira | 15 | 1079.43 | 1160.69 |
| Yen | 7¼ | 321.502 | 345.205 |
| Norwgn. Kr. | 9 | 6.46559 | 6.93607 |
| Spanish Pts. | 8 | 87.2489 | 94.0976 |
| Swedish Kr. | 10 | 5.51606 | 5.94270 |
| Swiss Fr. | 3 | 2.21988 | 2.39031 |

# RECENT ISSUES

## RECENT ISSUES

### EQUITIES

| Issue Price p‡ | Amount Paid Up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price p‡ | + or − | Div. P. or Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 50 | 50p | — | 140 | 97 | Berkley Exploration | 97 | −17 | — | — | — | — |
| £1 | F.P. | 21/3 | 102 | 100 | Child Health Res'ch | 101 | ...... | — | — | — | — |
| §80 | F.P. | 7/3 | 108 | 98½ | Emess Lighting | 107 | −1 | b6.0 | 3.0 | 8.0 | 4.4 |
| 10 | F.P. | 28/2 | 11½ | 10 | Keep Inv. Trust 5p | 11¼ | ...... | — | — | — | — |
| ** | F.P. | 7/3 | 89 | 72 | Lon.Merc'tSecs.Defd | 82 | −2 | — | — | — | — |
| — | F.P. | — | 34 | 29 | Roche Plant 10p | 33 | ...... | 1.35 | 2.7 | 5.4 | 7.7 |
| ¶44 | F.P. | — | 60 | 57 | WebberElctCom12.5p | 60 | ...... | b3.5 | 2.6 | 5.8 | 5.4 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ¶¶ | F.P. | — | 37p | 36½p | Aurora 3.85% Cum. Pref. | 36½p | ...... |
| ‖120p | F.P. | 15/2 | 122pm | 108p | Clifford(Chas.) 12% Cum. Pref. | 122p | +4 |
| ¶ | F.P. | 30/5 | 98p | 93 | Felixstowe Dock 9⅛% Cum Red Pref. | 93 | ...... |
| — | — | 2/9 | 112 | 111 | Globe Inv Tst 11½% Conv Uns Ln '90-95 | 111 | ...... |
| ** | F.P. | 8/2 | 88p | 85p | Hewitt (J.) 10% Cum. Pref. | 85p | ...... |
| ¶ | £10 | 29/5 | 8⅛ | 7¾ | Mid Kent Water 9% Red Pref. 1985 | 7¾ | ...... |
| ¶ | F.P. | 24/4 | 97 | 95 | Rk'm'nw'h & Uxbridge Wtr. 9%RdPf 1985 | 95 | ...... |

### "RIGHTS" OFFERS

| Issue Price p‡ | Am'unt Paid Up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1979/80 High | 1979/80 Low | Stock | Closing Price p‡ | + or − |
|---|---|---|---|---|---|---|---|---|
| 135 | Nil | — | — | 32pm | 27pm | AGB Research | 31pm | ...... |
| $23.50 | Nil | — | — | 15pm | 5pm | Bank of Montreal | 5pm | −5 |
| 330 | Nil | — | — | 61pm | 22pm | Cluff Oil | 22 | −8 |
| 33½ | F.P. | 22/2 | 28/3 | 69½ | 58 | Edwards (Louis C.) | 58 | ...... |
| 40 | F.P. | 22/1 | 29/2 | 101pm | 69pm | Elson & Robbins | 95pm | ...... |
| 60 | F.P. | 3/1 | 24/1 | 845 | 660 | Hammerson Prop. A | 870 | ...... |
| 60cts | Nil | — | — | 455pm | 190pm | Pancontinental | 345pm | +10 |
| 25 | F.P. | 20/2 | 12/3 | 72 | 57 | Paringa | 68 | −2 |
| 25p | F.P. | 21/2 | 13/3 | 84 | 60 | Premier Cons. Oilfields | 65 | −5 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

## Pending dividends

| | Date | Announcement last year |
|---|---|---|
| APV | Mar. 29 | Final 4.245 |
| Adwest | Apr. 11 | Int. 3.85 |
| Armstrong Equipment | Mar. 21 | Int. 0.88 |
| Assoc. Biscuit | Apr. 10 | Final 1.88 |
| BBA | Mar. 29 | Final 1.784 |
| *BICC | Apr. 2 | Final 5.29 |
| *BSR | Mar. 12 | Final 3.916 |
| *BTR | Mar. 17 | Final 5.5 |
| Babcock Int. | Apr. 11 | Final 2.9313 |
| Bank of Scotland | Apr. 3 | Final 6.083 |
| *Barclays Bk. | Mar. 20 | Final 7.41 |
| *Barratt Devs. | Mar. 17 | Int. 2.9 |
| *Bejam | Mar. 19 | Int. 0.77 |
| Bell (A.) | Mar. 21 | Int. 1.768 |
| *Bibby (J.) | Mar. 11 | Final 6.732 |
| Blackwood Hodge | Apr. 9 | Final 1.292 |
| Booker McConnell | Mar. 29 | Final 3.952 |
| Bowater | Apr. 5 | Final 6.771 |
| Bowring (C. T.) | Mar. 22 | Final 2.348 |
| *British Aluminium | Mar. 19 | Final 42.86 |
| *BP | Mar. 13 | Final 16.885 |
| British Printing | Apr. 5 | Final 2.4 |
| Brooke Bond | Mar. 13 | Int. 0.915 |
| Brown Boveri Kent | Apr. 5 | Final 1.2 |
| Burton | Apr. 10 | Int. 3 |
| *Cadbury Schweppes | Mar. 13 | Final 2.446 |
| *Cape Inds. | Apr. 1 | Final 5.968 |
| Carlton Inds. | Mar. 26 | Final 3.5 |
| *Carpets Int. | Mar. 27 | Final 3.325 |
| *Charterhse. | Mar. 27 | Final 0.9226 |
| Coates Bros. | Mar. 29 | Final 1.731 |
| Collins (Wm.) | Mar. 15 | Final 3.094 |
| Comb. Eng. Stores | Apr. 10 | Final 1.9055 |
| *Comben | Mar. 18 | Final 1.2 |
| Coral Leisure | Apr. 12 | Final 3.7 |
| Croda Int. | Apr. 11 | Final 1.346 |
| *DRG | Mar. 19 | Final 5.008 |
| Dawnay Day | Mar. 21 | Int. 0.75 |
| *De Beers Cons. Mines | Mar. 11 | Final 45c |
| *Ductile Steels | Mar. 11 | Int. 2.119 |
| Eagle Star | Apr. 11 | Final 3.4909 |
| Empire Stores | Apr. 12 | Final 2.605 |
| Expanded Metal | Mar. 19 | Final 2.345 |
| Fairclough Constr. | Mar. 13 | Final 2.0 |
| Freemans (Ldn. SW9) | Apr. 2 | Final 1.519 |
| Gibbons Dudley | Mar. 22 | Final 2.051 |
| Gill & Duffus | Apr. 10 | Final 2.564 |
| Glaxo | Apr. 9 | Int. 5 |
| Glynwed | Apr. 11 | Final 6.7 |
| *GRE | Apr. 9 | Final 6.941 |
| GKN | Apr. 5 | Final 16.845 |
| Hall Eng. | Mar. 16 | Final 2.471 |
| Hambro Life Assce. | Apr. 9 | Final 17.802 |
| Harrisons Mlysn. Ests. | Mar. 19 | Int. 1.5 |
| Hawker Siddeley | Apr. 11 | Final 2.4578 |
| *Hepworth Ceramic | Mar. 20 | Final 2.651 |
| Highland Distilleries | Apr. 9 | Int. 0.55 |
| House of Fraser | Mar. 29 | Final 3.437 |
| *Howden (Alex.) | Mar. 27 | Final 4.5 |
| *Ibstock Johnsen | Mar. 28 | Final 4.110†§ |
| Inveresk | Mar. 20 | Final 1.417 |
| *Jacobs (John I.) | Mar. 19 | Final 1.35 |
| Johnson and Firth Brown | Mar. 16 | Int. 1.3 |
| *Kleinwort Benson | Apr. 2 | Final 3.51 |
| Ladbroke | Apr. 5 | Final 4.017 |
| Laird Gp. | Apr. 2 | Final 1.52 |
| Law Land | Apr. 3 | Final 0.6 |
| Legal and Gen. Assce. | Mar. 28 | Final 4.194 |
| Lex Service | Mar. 8 | Final 2.7 |
| Lilley (F. J. C.) | Apr. 5 | Final 1.675 |
| Liverpool Daily Post | Mar. 21 | Final 5.098 |
| London Brick | Apr. 5 | Final 2.190 |
| *Low and Bonar | Mar. 31 | Final 8.16 |
| Lucas Inds. | Mar. 29 | Int. 2.567 |
| *Metal Closures | Mar. 19 | Final 2.805 |
| *Midland Bank | Mar. 14 | Final 9.942 |
| Minet | Apr. 10 | Final 1.4193 |
| *Morgan Crucible | Apr. 5 | Final 2.237 |
| Mucklow (A. and J.) | Mar. 23 | Int. 1.32 |
| Newman Tonks | Mar. 23 | Int. 1.5 |
| News Intl. | Mar. 29 | Final 5.48 |
| Ocean Transport | Apr. 2 | Final 4.393 |
| Peachey Property | Apr. 4 | Int. 1.0 |
| Philips' Lamps | Mar. 22 | Final due |
| Phoenix Assce. | Apr. 4 | Final 6.445 |
| Portals | Apr. 11 | Final 4.846 |
| *Prudential | Mar. 26 | Final 5.263 |
| *Ransome Hfmn. Pollard | May 19 | Int. 1.44 |
| Reckitt and Colman | Apr. 2 | Final 6.653 |
| Reed (Austin) | Mar. 29 | Final 3.051 |
| Rockware | Mar. 21 | Final 3.67 |
| *Rolls-Royce Motors | Mar. 10 | Final 2.995 |
| Rowntree Mackintosh | Apr. 9 | Final 8.5 |
| Samuel Props. | Mar. 29 | Int. 1.0 |
| Schroders | Mar. 28 | Final 9.775 |
| *Scottish Met. Prop. | Mar. 28 | Int. 0.9 |
| *Sedgwick Forbes | Mar. 11 | Sec. int. 6.7 |
| Selection Trust | Apr. 10 | Final 10.84 |
| Slough Ests. | Mar. 28 | Final 1.529 |
| Smith and Nephew | Mar. 15 | Final 1.780 |
| Smith (W. H.) | Apr. 11 | Final 2.34 |
| Smiths Inds. | Apr. 10 | Int. 3.6138 |
| *Steetley | Mar. 20 | Final 4.473 |
| *Stone-Platt | Mar. 20 | Final 1.33 |
| Sun Alliance | Apr. 4 | Final 11.505 |
| Taylor Woodrow | Apr. 5 | Final 6.485 |
| *Telephone Rentals | Apr. 30 | Final 4.802 |
| *Tiger Oats | Mar. 12 | Final 33c |
| Tilling (T.) | Mar. 21 | Final 3.01 |
| *Transport Dev. | Mar. 13 | Final 2.351 |
| Tricentrol | Mar. 15 | Final 0.837 |
| *Tube Invs. | Mar. 19 | Final 12.421 |
| *Turner and Newall | Mar. 12 | Final 7.0 |
| Utd. Biscuits | Mar. 13 | Final 1.506 |
| Utd. City Merchants | Mar. 8 | Int. 0.45 |
| Ward White | Mar. 30 | Final 2.68 |
| *Waterford Glass | Mar. 18 | Final 1.05 |
| *Weir Gp. | Mar. 19 | Final 3.86 |
| *Willis Faber | Apr. 2 | Final 6.84 |
| Wilmot Breeden | Apr. 9 | Final 2.241 |
| *Wolf Elect. Tools | Mar. 27 | Final 0.789 |
| Wolseley-Hughes | Mar. 15 | Int. 3.56 |
| *Woolworth (F. W.) | Mar. 12 | Final 3.245 |
| Yorkshire Chems. | Mar. 22 | Final 2.44 |

* Board meeting intimated. † Rights issue since made. ‡ Tax free § Scrip issue since made. ¶ Forecast.

### BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 17 % |
| Allied Irish Bank | 17 % |
| Amro Bank | 17 % |
| American Express Bk. | 17 % |
| Henry Ansbacher | 17 % |
| A P Bank Ltd. | 17 % |
| ■ Arbuthnot Latham | 17 % |
| Associates Cap. Corp. | 17 % |
| Banco de Bilbao | 17 % |
| Bank of Credit & Cmce. | 17 % |
| Bank of Cyprus | 17 % |
| Bank of N.S.W. | 17 % |
| Banque Belge Ltd. | 17 % |
| Banque du Rhone et de la Tamise S.A. | 17½% |
| Barclays Bank | 17 % |
| Bremar Holdings Ltd. | 18 % |
| Brit. Bank of Mid. East | 17 % |
| ■ Brown Shipley | 17 % |
| Canada Perm't Trust | 18 % |
| Cayzer Ltd. | 17 % |
| Cedar Holdings | 17 % |
| ■ Charterhouse Japhet | 17 % |
| Choulartons | 17 % |
| C. E. Coates | 17 % |
| Consolidated Credits | 17 % |
| Co-operative Bank | *17 % |
| Corinthian Secs. | 17 % |
| The Cyprus Popular Bk. | 17 % |
| Duncan Lawrie | 17 % |
| Eagil Trust | 17 % |
| E. T. Trust Limited | 17 % |
| First Nat. Fin. Corp. | 18½% |
| First Nat. Secs. Ltd. | 18 % |
| Robert Fraser | 18 % |
| ■ Antony Gibbs | 17 % |
| Greyhound Guaranty | 17 % |
| Grindlays Bank | ‡17 % |
| ■ Guinness Mahon | 17 % |
| ■ Hambros Bank | 17 % |
| ■ Hill Samuel | §17 % |
| C. Hoare & Co. | †17 % |
| Hongkong & Shanghai | 17 % |
| Industrial Bk. of Scot. | 17½% |
| Keyser Ullmann | 17 % |
| Knowsley & Co. Ltd. | 18½% |
| Langris Trust Ltd. | 17 % |
| Lloyds Bank | 17 % |
| Edward Manson & Co. | 18 % |
| Midland Bank | 17 % |
| ■ Samuel Montagu | 17 % |
| ■ Morgan Grenfell | 17 % |
| National Westminster | 17 % |
| Norwich General Trust | 17 % |
| P. S. Refson & Co. | 17 % |
| Rossminster | 17 % |
| Ryl. Bk. Canada (Ldn.) | 17 % |
| Schlesinger Limited | 17 % |
| E. S. Schwab | 17 % |
| Security Trust Co. Ltd. | 18 % |
| Standard Chartered | 17 % |
| Trade Dev. Bank | 17 % |
| Trustee Savings Bank | 17 % |
| Twentieth Century Bk. | 17 % |
| United Bank of Kuwait | 17 % |
| Whiteaway Laidlaw | 17½% |
| Williams & Glyn's | 17 % |
| Wintrust Secs. Ltd. | 17 % |
| Yorkshire Bank | 17 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

CORAL INDEX: Close 454-459 (−2)









## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Providence Capital Life Ass. Ltd.

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

van Cutsem & Associates Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

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# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Amer. Gth. Tst. | 48.5 | 51.3 | -0.6 | 1.95 |
| Abbey Capital | 36.4 | 39.9 | -0.2 | 5.61 |
| Abbey General | 47.2 | 50.5 | -0.7 | 5.86 |
| Abbey Gilt & F.I. Tst. | 98.1 | 104.4 | | 4.79 |
| Abbey Income | 41.5 | 44.9 | -0.4 | 8.59 |
| Abbey Intl. Bd. Tst. | 93.7 | 98.1 | +1.5 | 5.61 |
| Abbey Inv. Tst. Fnd. | 37.5 | 40.6 | -0.3 | 5.84 |
| Equitas Prog. Trust | 69.4 | 75.1 | -1.1 | 5.79 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref. | 89.3 | 94.1xd | | 13.40 |

**Allied Hambro Group (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

| | | | | |
|---|---|---|---|---|
| Allied 1st | 75.7 | 81.0xd | -1.0 | 5.93 |
| Brit. Inds. Fund | 69.6 | 74.5 | -0.7 | 6.04 |
| Growth & Income | 41.5 | 44.4 | -0.6 | 5.68 |
| Elect. & Ind. Dev. | 38.4 | 41.1 | -0.3 | 5.11 |
| Allied Capital | 77.8 | 83.2 | -1.1 | 5.29 |
| Hambro Fund | 118.5 | 126.8 | -1.4 | 6.36 |
| Hambro Acc. Fund | 144.7 | 154.8 | -2.1 | 5.43 |

Income Funds

| | | | | |
|---|---|---|---|---|
| High Yield Fd. | 68.4 | 73.2xd | -0.6 | 10.11 |
| High Income | 69.4 | 74.3xd | -0.6 | 7.94 |
| A.H. Eq. Inc. | 41.3 | 44.2xd | -0.3 | 7.90 |

**Discretionary Unit Fund Managers**
22 Blomfield St., EC2M 7AL. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Mar. 7 | 214.1 | 228.4 | +1.2 | 5.31 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 17.7 | 18.6xd | | 7.07 |
| Gt. Winchester O'seas | 20.8 | 23.1xd | | 4.78 |

**Emson & Dudley Tst. Mngmnt. Ltd.**
20b Albemarle St., W1. 01-499 3211

| | | | | |
|---|---|---|---|---|
| Emson Dudley Tst. | 77.4 | 83.2 | +1.0 | 6.00 |

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 75.4 | 79.3 | -1.1 | 5.09 |

**Fidelity International Management Ltd.**
62-63, Queen St., London, EC4R 1AD. 01-248 4891

| | | | | |
|---|---|---|---|---|
| American | 25.6 | 27.0 | -1.1 | 3.00 |
| Fixed Interest | 25.1 | 26.5 | | 12.10 |
| Growth + Income | 29.2 | 30.8 | -0.3 | 7.80 |
| Special Sits. | 29.5 | 31.1 | -0.5 | 3.00 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 29.3 | 31.5 | | 2.30 |
| Accum. Units | 35.6 | 37.2 | | 2.30 |
| J. Finlay High Income | 34.4 | 37.0 | | 9.59 |
| J. Finlay Euro.Fin. | 21.8 | 23.4 | | 3.65 |
| Accum. Units | 26.9 | 28.9 | | 3.65 |
| J. Finlay Fd.In.Tst. | 32.0 | 34.4 | | 5.35 |
| Accum. Units | 38.6 | 42.5 | | 5.35 |

Prices on March 5. Next dealing March 12.

**Framlington Unit Mgt. Ltd. (a)**
64, London Wall, EC2M 5NQ. 01-628 5181

| | | | | |
|---|---|---|---|---|
| American | 52.4 | 55.6 | | 1.30 |
| American Turnaround | 52.8 | 56.0 | | 2.80 |
| Capital Tst. | 53.0 | 56.2xd | -0.4 | 4.85 |
| (Accum. Units) | 53.6 | 57.0 | -0.4 | 4.83 |
| Extra Income Trust | 49.2 | 52.2 | +0.2 | 10.08 |
| Income Tst. | 37.8 | 40.2 | -0.2 | 8.28 |
| Int. Growth Fd. | 43.4 | 46.0 | -1.0 | 2.19 |
| (Accum. Units) | 46.0 | 48.8 | -1.0 | 2.19 |

[illegible]

## INSURANCE PROPERTY BONDS

[illegible]

## OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

| | | | | | |
|---|---|---|---|---|---|
| 30Ja | 30Jl | FFI 13pc 1981 | 95¾ | 31.12 | 13.44 | 16.92 |
| 20J | 20D | Do. 14pc '83 | 94¼ | 19.11 | 14.36 | 16.04 |
| 31M | 30S | ICFC 5½pc Deb. '80-82 | 89¼xd | 25.3 | 6.61 | 14.90 |
| 31M | 30N | Do. 6¾pcCb. '81-84 | 75 | 22.10 | 8.82 | 15.29 |
| 11Ja | 11Jl | Do. 10½pc Uns.Ln. '86 | 84 | 10.12 | 12.77 | 15.29 |
| 11Ja | 11Jl | Do. 11pc Uns.Ln. '88 | 83 | 10.12 | 13.59 | 14.75 |
| 11Ja | 11Jl | Do. 11¾pc Uns.Ln. '90 | 85½ | 10.12 | 14.12 | 15.10 |
| 30J | 31D | Do. 7¼pcADeb. '89-92 | 58½ | 19.11 | 12.88 | 15.00 |
| 31M | 30S | Do. 7¾pcA Db. '91-94 | 54xd | 25.2 | 13.42 | 15.20 |
| 31M | 30S | Do. 9pc'A' '91-94 | 64¼xd | 25.2 | 13.95 | 15.18 |
| 28F | 31A | Do. 8¾pcLn. '92-97 | 62¼xd | 14.1 | 14.20 | 14.85 |
| 14S | 14 Mar | Do. 12pc Uns. Ln 1992 | 85½xd | 11.2 | 14.61 | 15.15 |

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

## BANKS & HP—Continued

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| July | Nov. | Clive Dis'nt 20p | 43 | 22.10 | 5.33 | — | 15.9 | — |
| Feb. | Sept. | Com'l Aus. (SA1) | 348 | 8.10 | †Q19c | 3.0 | 6.4 | 5.2 |
| May | | Com'zbk DM 100 | 875 | 577 | Q26.09% | — | 7.9 | — |
| March | | C'hgn.Hbk.Kr100 | 975 | 379 | Q13% | — | 13.6 | — |
| July | Oct. | Corinthian 10p | 34 | 24.9 | †1.05 | 5.9 | 4.4 | 3.9 |
| May | | Cred. France F75 | £17 | 178 | Q12.5% | — | 6.1 | — |
| Jan. | Apr. | Dawes (G. R.) | 12 | 18.10 | — | — | — | — |
| May | Nov. | Deutsche Bank DM50 | £63 | 17.5 | Q28.12% | — | 5.8 | — |
| — | | F. C. Finance | 60 | 8.10 | 2.2 | 4.9 | 5.2 | 5.5 |
| — | | First Nat. 10p | 14¼ | 974 | — | — | — | 0.9 |
| — | | Do. Wrts. 75-83 | 2 | — | — | — | — | — |
| June | Dec. | Gerrard Natnl | 208 | 22.10 | 19.12 | — | 6.3 | — |
| May | Nov. | Gibbs (A.) | 78 | 24.9 | 2.2 | — | 4.0 | — |

## Hire Purchase, etc.

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## INSURANCE—Continued

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### EASTERN RAND

### FAR WEST RAND

### O.F.S.

### FINANCE

### DIAMOND AND PLATINUM

## MINES—Continued

### CENTRAL AFRICAN

### AUSTRALIAN

### TINS

### COPPER

| | | | | | | |
|---|---|---|---|---|---|---|
| January | Messina R0.50 | 217 | 23.12 | Q10c | ϕ | 2.6 |

### MISCELLANEOUS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| — | Anglo-Dominion | 150 | — | — | — | — |
| — | Barymin | 94 | — | — | — | — |
| — | Burma Mines 17½p | 14 | 5.79 | — | — | — |
| Aug. | Feb. Cons. Murch. 10c. | 473 | 25.12 | Q100c | ϕ | 12.2 |
| — | Northgate C$1 | 490 | 9.77 | — | — | — |
| Jan. | July R.T.Z. | 410 | 5.11 | †11.5 | 3.4 | 4.0 |
| — | Robert Mines | 32 | — | — | — | — |
| — | Sabina Inds. C$1 | 44 | — | — | — | — |
| — | Tara Exptn. $1 | 520 | — | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend: cover on earnings updated by latest interim statement.

[illegible] capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 23 | |
| Bertam | 19 | +1 |
| Bdg'wtr. Est. 50p | 300 | |
| Clover Croft | 62 | |
| Craig & Rose £1 | £20½ | |
| Dyson (R. A.) A | 37 | |
| Fife Forge | 36 | +1 |
| Finlay Pkg. 5p | 22 | |
| Graig Ship. £1 | £12½ | |
| Higsons Brew. | 80 | |
| Holt (Jos) 25p | 255 | |
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| | | |
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FINANCIAL TIMES

Monday March 10 1980



# Murray challenges Tory union policy

BY PAULINE CLARK, LABOUR STAFF

MR. Len Murray, TUC general secretary, threw a "make or break" challenge to the Government yesterday to work with trade unions on solving Britain's ills or to go it alone with the use of the law.

He told tens of thousands of trade unionists who gathered in Trafalgar Square, London, that if Mrs. Thatcher's Government chose the latter course it could expect little co-operation from trade unionists.

Scotland Yard estimated that about 30,000 trade unionists attended the rally and march organised by the TUC in protest at Government economic policies and new industrial relations law.

Trade union representatives, however, claimed that more than twice that number had arrived from all over the country, including a sizeable contingent of striking steel workers.

Many of them left the rally to surge down Whitehall towards Westminster, chanting anti-Government slogans and waving banners in protest at "Back to the '30s" policies—but also to take advantage of a chance to sightsee in London in fine weather.

The rally, the forerunner to the TUC's day of action in the regions on May 14, was the biggest since the 1971 demonstration against the Industrial Relations Bill.

Mr. Murray, flanked by members of the TUC general council and other leaders of all the main trade unions, bitterly attacked the Government's monetary policy.

Trade unionists were "fed up" with a system in which money was king, and which led to damaging cuts in public services.

Mr. Murray attacked the Government for a "deliberate" policy of high unemployment and for governing the country not with an economic policy but "a philosophical attitude" which favoured elitism and the rich.

The Employment Bill, he said, was designed to weaken trade unions and impair their ability to protect the living standards of working people.

Trade union leaders were willing to sit down with Mr. Jim Prior, Employment Secretary, and other Ministers, to seek ways of solving problems.

It would be on the Government's own head if it chose to use the law instead.

Mr. Murray also called on the Government to stop "sitting on its hands" during the steelworkers' strike.

Earlier, Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, the biggest steel union, told the crowd: "The Government thought we were a soft touch but we are not. There is no doubt about it, we don't intend to give in."

● The Labour Party in Scotland committed itself at the weekend to continued confrontation with the Government over public spending. It called on Labour-controlled local authorities to resist cuts, writes Ray Perman, Scottish Correspondent.

The Scottish party conference in Perth stopped short of support for a hard-line resolution calling for deficit financing by Labour councils as a way of making up reductions in rate support grant.

But there was strong criticism of the Government's use of local authority finances as a tool of economic policy.


Unexpected "support" for Mrs. Thatcher. An "iron Lady" effigy is carried by Socialist Workers' Party members.

# Iran claims oil exports secure

BY SIMON HENDERSON IN TEHRAN

SABOTAGE of Iranian oil pipelines, which has cut production at the main Abadan refinery by 10 per cent in the past few days, is expected to continue this week, but will not adversely affect production or exports, according to Mr. Ali Akhbar Moinfar, the Iranian Oil Minister.

The Minister said that sabotage over the past four days, including nine attacks on oil pipelines and one on a gas line, had cut production at the main Abadan refinery by 10 per cent.

He described the incidents as "an act of complete despair" before the parliamentary elections due on March 14, and blamed them on "anti-revolutionary elements." In the past, sabotage has generally been attributed to Arab separatists, acting with support from Iraq.

Unpublished official figures for last week show that oil production has dropped to about 2m barrels a day or less than one-third of the pre-revolutionary level.

Yesterday Mr. Moinfar admitted that had fallen to 2.7m b/d, but said a target of 3m b/d would be maintained in 1980.

The Oil Minister also indicated that Iran was no longer selling oil on the spot market where the price was near to Iran's official price of $32.50 a barrel. He said exports for the last Iranian month (ending February 21) were 1.7m b/d, and domestic demand was 1m b/d.

Mr. Moinfar said the Igat 1 pipeline, which exports gas to the Soviet Union and was broken by natural causes in two different places in the last two weeks, will be back in commission within the next 48 hours

A Soviet trade delegation arrives today for talks on gas prices.

Iran wants the present selling price of 76 cents per 1,000 cubic feet to be increased fivefold. Before the recent pipeline breaks, volumes had already been cut to less than half the contracted levels.

Asked whether Iran would be prepared to sell oil again to the U.S. once the hostage crisis was over, Mr. Moinfar said such a decision was up to the Parliament about to be elected.

But he said that because Iran had reduced its production since the crisis began, exports would not reach previous levels and Iran was not prepared to sacrifice its present customers.

Before the U.S. embassy was seized last November, American companies bought about 600,000 b/d.

# South Africa faces crisis over policy

BY QUENTIN PEEL IN JOHANNESBURG

THE South African Government is facing a policy crisis following the Rhodesian election victory of Mr. Robert Mugabe.

Mr. P. W. Botha, the Prime Minister, seeking to counter a gathering conservative backlash to his administration, launched a weekend initiative reaffirming his determination to humanise apartheid.

Top officials express guarded optimism about future relations with Salisbury, but fear a rapid increase in international pressure about neighbouring Namibia (South West Africa), governed by South Africa in defiance of the United Nations.

Mr. R. F. ("Pik") Botha, the Foreign Minister, warned last night: "We are on a knife edge." His statement follows the latest negotiations over a UN-supervised settlement in the territory.

The Prime Minister attacked his conservative critics, both within the ruling National Party and outside, for "arguing about immorality and sports" when South African soldiers were dying on the border.

He promised that urban blacks, as well as minority racial groups, would be consulted at a "state conference" on constitutional changes—apparently a major shift in policy.

Mr. Botha said racially-mixed marriages — banned by law—were not a sin. The Immorality Act, which outlaws sex across the colour bar, was not vital to white survival.

The speech, in which Mr. Botha talked of "Afrikanerdom at the crossroads," is seen by political observers as a direct challenge to Dr. Andries Treurnicht, National Party leader in the Transvaal — its most powerful provincial wing —to support him or resign.

If Dr. Treurnicht resigns, a fundamental split in the ruling party could result.

In spite of Mr. Botha's apparent determination to press ahead with reform — although within separate development—the Rhodesian election results have bardened attitudes about Namibia.

Last week's talks in Capetown with UN officials about establishing a demilitarised zone, leading to a cease-fire and UN-supervised elections, made little progress.

# Pilotage dispute may hit ferries

By William Hall, Shipping Correspondent

FERRY services between Britain and the Continent face severe disruption because of a row between foreign ferry operators and the UK authorities over payment of pilotage dues.

A number of foreign ferry operators, such as Brittany Ferries, are threatening to stop paying pilotage dues. They say they do not need the services of a British-born pilot every time they enter a UK port

Their ships could be arrested as a result. If this happens the French Government has warned that it will revoke the French pilotage certificates of UK ferry operators and the French trades unions have said that they will refuse to unload UK ferries.

This would seriously disrupt Britain's trade with the Continent. Last year, 8m passengers, 1m cars and more than 500,000 commercial vehicles travelled by ferry between the Continent and Dover, alone.

The foreign ferry companies say they are being discriminated against because foreigners are not allowed to hold UK pilotage certificates. These allow a ship to enter a UK port without a local pilot.

At the moment all foreign ferries, except those operating on the Dover Straits, have to stop to pick up a pilot on entering and leaving a UK port. This costs an average of £200 to £300 a time.

Foreign ferry companies are believed to pay about a fifth of Britain's £20m a year pilotage dues. Rival British ferry operators such as Sealink and Townsend Thoresen, do not have to pick up pilots and this gives them a competitive advantage since pilotage dues are reckoned to cost around £1 per passenger.

The foreign ferry companies under the umbrella of the Passenger Shipping Association, are meeting the UK Pilotage Commission on Wednesday. Unless they are given firm assurances that foreign nationals will shortly be awarded UK pilotage certificates they will stop paying their pilotage dues.

The 1979 Merchant Shipping Act allows EEC nationals to hold UK pilotage certificates. However, this part of the Act has not been implemented yet and Britain's 1,600 pilots are reluctant to se it enacted because they fear it could lead to redundancies.

## Weather

RAIN or showers in most areas at first. Brighter later.

**London, S.E., E., Cent. N. England, E. Anglia, E. Midlands**
Rain at first becoming brighter. Max. 7 to 9C

**S.W., Cent. S., N.W. England, Channel Islands, Wales, W. Midlands**
Scattered showers, sunny intervals. Max. 8 to 10C

**Lake District, Isle of Man, S., S.W., N.E. Scotland, N. Ireland**
Showers, sunny later. Max. 7C

**N.E. England, Borders, E., W., N.W. Scotland, Orkney, Shetland**
Rain. Sleet or snow on high ground. Max. 3 to 5C

**Outlook:** Changeable.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 13 | 55 | Lisbon | S | 13 | 55 |
| Algiers | S | 17 | 63 | Locarno | S | 14 | 57 |
| Amsdm. | C | 6 | 43 | London | C | 9 | 48 |
| Athens | R | 13 | 55 | Los Ang. | S | 15 | 59 |
| Bahrain | S | 22 | 72 | Luxmbg. | C | 7 | 45 |
| Barclna. | S | 17 | 63 | Luxor | S | 28 | 82 |
| Beirut | S | 18 | 64 | Madrid | S | 13 | 55 |
| Belfast | F | 8 | 46 | Majorca | F | 15 | 59 |
| Blgrd. | C | 8 | 46 | Malaga | S | 19 | 66 |
| Berlin | R | 3 | 37 | Malta | F | 15 | 59 |
| Biarritz | C | 13 | 55 | M'chstr. | F | 8 | 46 |
| Bmghm. | S | 9 | 48 | Melbne. | C | 14 | 58 |
| Blackpl. | S | 8 | 46 | Milan | F | 5 | 41 |
| Bordx. | C | 11 | 52 | Montreal | C | −3 | 26 |
| Boulgn. | C | 7 | 45 | Moscow | S | −6 | 21 |
| Bristol | S | 10 | 50 | Munich | R | 4 | 39 |
| Brussels | C | 8 | 46 | Nairobi | S | 24 | 76 |
| Budpst. | C | 7 | 45 | Naples | R | 11 | 52 |
| B. Aires | S | 33 | 91 | Nwcstl. | S | 8 | 46 |
| Cairo | S | 20 | 68 | N. York | C | 7 | 45 |
| Cardiff | F | 9 | 48 | Nice | S | 15 | 59 |
| Cas'b'ca | S | 15 | 59 | Oporto | S | 14 | 57 |
| Cape T. | S | 23 | 73 | Oslo | C | 2 | 36 |
| Chicago | C | 2 | 36 | Paris | C | 9 | 48 |
| Cologne | C | 6 | 43 | Perth | S | 30 | 86 |
| Cpnhgn. | C | 2 | 36 | Prague | Sl | 2 | 36 |
| Corfu | F | 15 | 59 | Reykjvk. | C | 1 | 34 |
| Dublin | F | 9 | 48 | Rhodes | C | 17 | 63 |
| Dbrvnk. | C | 10 | 50 | Rio J'o | S | 30 | 86 |
| Ednbgh. | F | 8 | 46 | Rome | F | 14 | 57 |
| Faro | S | 18 | 64 | Salzbrg. | R | 4 | 39 |
| Florence | C | 9 | 48 | Singapr. | S | 31 | 87 |
| Frankft. | F | 11 | 52 | Stkhm. | Sn | −1 | 30 |
| Funchal | C | 16 | 61 | Strasbg. | C | 9 | 48 |
| Genova | C | 7 | 45 | Sydney | R | 15 | 59 |
| Gibrltr. | S | 18 | 64 | Tangier | S | 18 | 64 |
| Glasgow | S | 7 | 45 | Tehran | S | 10 | 50 |
| G'rnsey | S | 9 | 48 | Tokyo | R | 7 | 45 |
| Helsinki | S | −4 | 25 | Toronto | S | −3 | 26 |
| H. Kong | C | 23 | 73 | Tunis | C | 14 | 57 |
| Innsbrk. | C | 4 | 39 | Valencia | S | 19 | 66 |
| Invrnss | F | 8 | 46 | Venice | F | 12 | 54 |
| I. o Man | S | 8 | 46 | Vienna | C | 5 | 41 |
| Istanbul | R | 11 | 52 | Warsaw | C | 3 | 37 |
| Jersey | S | 9 | 48 | Zurich | C | 5 | 41 |
| Jo'burg | S | 24 | 76 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

# Use oil to build surplus—call

NORTH SEA OIL revenues should be used to achieve a "significant public-sector surplus" in the mid-1980s, and not merely to finance a reduction in public-sector borrowing requirement coupled with further tax cuts, says an article in today's Morgan Grenfell Review.

It says that despite abolition of exchange controls Government policy militates against capital outflows of anything like the scale required to balance current-account benefits of North Sea oil. By the mid-1980s these benefits will be equivalent to about 10 per cent of gross national product.

But capital exports on this scale would put "exceptionally heavy demands" on flows of funds through investment institutions.

The Government should therefore use its North Sea revenues to repay debt in the mid-1980s and thus increase funds available to the capital market, instead of remaining a net borrower.

By contrast, the present combination of fiscal and monetary policies ensures that three-quarters of cash flow of insurance companies and pension funds is pre-empted by Government sales of gilts. This policy "precludes a deficit on capital account."

The Government's commitment to reducing public-sector borrowing requirement is based on general financial considerations rather than on specific views about the correct fiscal adjustment to North Sea developments.

Thus it is unclear how far the Government intends to use oil revenues to reduce the borrowing requirement.

The article says that "using oil revenues as a substitute for other forms of taxation would frustrate capital outflows which are vital, if the economy is to adapt to the decline in oil production which will begin in little over a decade."

# Steel ballot

Continued from Page 1

BSC would repeat the exercise. "We have got to go on living with the unions afterwards.

"The blindingly obvious thing would be for Bill Sirs and his colleagues to call the strike off. That should happen tomorrow."

A number of complaints were made about the conduct of the ballot. Mr. Sirs said that it lacked credibility both because the presentation of the offer was misleading and because spare voting forms had been made available.

BSC confirmed that "a few hudred" spare slips had been sent not to home addresses but to steelworks. "Very few" had been issued. At Scunthorpe, for example, only 39 had been given out, and that was typical of the other plants.

# Inquiry into nuclear building programme

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE GOVERNMENT is investigating the possible problems for Britain's nuclear manufacturing industry if construction on two power stations was postponed beyond this year.

The work has already been postponed from the spring to August for technical reasons.

The inquiry is into the building programme for British-designed advanced gas-cooled reactors (AGRs) at Heysham, Lancashire, and Torness, Scotland. It is being done by the Central Policy Review Staff—the Think Tank—at the request of Mrs. Thatcher, the Prime Minister.

This follows suggestions by the Central Electricity Generating Board that it might have to delay construction at Heysham because of financial constraints. Such delays could also affect Torness, the responsibility of the South of Scotland Electricity Board.

The CEGB is facing an unexpected loss this year. It says that unless the Government extends its external borrowing limits, it will have to severely cut its capital expenditure programme.

One possibility would be to delay Heysham. Another might be to mothball part of the Isle of Grain oil-fired station, where persistent labour disputes have delayed commissioning, and move some of its generating sets to the Heysham reactor.

Either plan would provoke strong opposition from the nuclear manufacturing industry. This has been relying on the two AGR to tide it over until the start of the nuclear expansion programme announced by the Government last December.

The CEGB says there is no question of it abandoning the new AGRs.

The board's arguments are mainly financial, but it is underpinning them with new estimates that electricity demand in 1986/87 will be only 6 per cent higher than now, much lower than previously thought.

It is not clear whether this is likely to affect the Government's plan to build one new nuclear power station a year in the decade from 1982. Planning procedures mean that work on the first, an American-designed pressurised water reactor (PWR), might not begin until 1983.

● All consumers wanting a coin-operated, prepayment electricity meter should be able to have one, unless there are major practical or security problems, Electricity Consumers' Council says in a report today. About 2m consumers have a slot meter, but about another 1m would like one.

THE LEX COLUMN

# An anxious wait in the bond markets

One key decision is pre-occupying international money managers as the financial squeeze bites deeper in most of the world's major economies. At what moment will it be right to switch longer the money now huddling nervously at the short end of the world's money markets? For the moment, some investors continue to be able to congratulate themselves on their prudence in staying short. Not only will this have allowed them to escape sometimes vicious bond market declines—long-term U.S. dollar bonds have fallen by roughly 15 per cent so far this year—but negative yield slopes exist in many markets and so there is often a straight income advantage in holding cash.

The aim must be to avoid the false dawns, of which there have already been several expensive examples, such as in the U.S. bond market last autumn, and the gilt-edged market in January. U.S. bond investors have found out the hard way that a backward-sloping yield curve can be an indication that long rates are going to rise rather than short rates fall. In the UK, the long government bond yield fell by more than a point in the first three weeks of January but has since retraced its steps as conditions have worsened in the short money market. In most areas of the gilt-edged market yields are now within a whisker of their peaks on December 10, and in one or two cases at the short end they were even higher last week.

The bond markets in countries such as the U.S., Germany and Switzerland were still looking groggy last week, and there were plenty of unsettling headlines about the further rises in U.S. prime rates to 17¼ per cent. Just as significant for the future, however, is the behaviour of the dollar, which has come up from DM 1.73 to DM 1.80 since the Fed's last round of credit tightening. The momentum behind the dollar's bounce is considerable, given that it seems to have been achieved in the face of central bank dollar sales totalling perhaps $5bn last week alone. This suggests that a lot of commercial leads and lags are being reversed in favour of the dollar, and will not be quickly re-established in the other direction.

On the face of it, this should have helped dollar bonds, and indeed there was some nibbling in the dollar Eurobond market last week. But there is a lot still to be proved about the strength of purpose of the U.S. Government in a Presidential election year. There seems to be some dithering over the next package of economic measures: meantime the recovery of the dollar may serve to take some of the pressure off the U.S. authorities.

If the long end of the U.S. bond market is to turn quickly and convincingly, there will have to be important fiscal measures to back up hte Fed's monetary stand. The UK government bond market demonstrated in 1974 that there is no reason why short money rates and long bond rates should turn together. As the UK Government's fiscal stance weakened in 1974, bond yields continued to rise steadily for many months after the peak in short rates.

Although, broadly speaking, the world's bond markets have been locked into the same declining pattern for the last year, it could be a mistake to think that they will all turn upwards simultaneously. The January flurry in gilt-edged proved premature, but it did show that domestic and international investors are prepared to take each market on its merits.

## Carrington Viyella

Carrington Viyella provides a good example of what all those gloomy company sector statistics mean to the individual manufacturing company. It is one of the first industrial companies to publish a balance sheet for December 31, and the annual report makes it clear just why the group has been forced into a series of plant closures and a dividend cut, even though trading profits (adjusted for the change to associated company status of Consolidated Textile Mills in Canada) were only about a tenth lower for 1979.

In the UK alone, the trading profits fall was nearer 20 per cent at £14.9m. Moreover, with year-end debt of £63m representing some 46 per cent of historical cost capital employed, there was a large rise in interest charges. Just as important, a heavy chunk of stock appreciation has swollen the trading profits—the cost of sales adjustment according to the current cost accounts is over £10m. In all, the attributable current cost loss turns out to be £9.8m, and this is before deducting another £1.8m of extraordinary items.

The underlying picture shows up clearly in the flows of funds. Net cash flow from trading was around £13m last year, compared with fixed capital spending of £11.6m, an increase of £5.6m in net working capital (it would have been more had not creditors risen more sharply than debtors) and nearly £3m in dividends. The final cash outflow was £9m, and while it can be argued that this did little more than maintain the level of the group's indebtedness in real terms, it is also true that Carrington's real assets have been shrinking (the capital spend in 1979 compared with replacement cost depreciation of £14.5m) and anyway the stock market value of the group is only £24.5m.

So the management is grimly cutting back spending on all fronts, including the dividend, and will have to do something about the group's flagging productivity—last year UK sales rose 6 per cent against a 10 per cent rise in aggregate employees' pay The shares are back to the year's low point at 13½p



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